Will Interest Rates Drop in Canada? **What Newsprint Means to Power Investors**

LARGEST CIRCULATION OF ANY CANADIAN FINANCIAL PAPER

THE FINANCIAL POST

The Canadian Newspaper for Business Men and Investors

CANADIAN MINING NEWS DEPARTMENT ON PAGE 16

Vol. XXVI | Member of Audit Bureau of Circulations | PUBLICATION OFFICE: TORONTO, NOVEMBER 26, 1932 | 10c a Copy; $5.00 a Year | No. 48

The Nation's Business

The Duff Report and the Foreign Investor in C. P. R.

Mr. Beatty Warns of Dangers of Confiscatory Legislation

The Duff Report and Foreign Capital

CERTAIN significant weaknesses of the recommendations of the Duff Railway Commission were ably analyzed by Chairman E. W. Beatty, of the Canadian Pacific Railway, in his carefully prepared address to the Senate Committee.

It is obvious now that the government bill implementing the report of the commission will have to be largely rewritten before it is finally submitted to the House of Commons for discussion. Not only is the bill loosely drafted in a technical sense but it contains many broad general features which are unlikely to be adopted when their true implications have been probed.

The Cabinet seem to have placed the bill before the Senate merely to introduce the discussion, not in any sense of considering it a government measure, the defeat or modification of which could be construed as a vote of no confidence. The Senate enquiry will bring to light many public reactions that will enable the government to reshape the bill in the weeks that will intervene before Parliament meets again.

* * *

THE Duff Commission presented much interesting data but on most of the intimate problems intertwined in the railway situation they made no specific recommendations. The commissioners pinned their hopes on the arbitral tribunal suggested to control the competitive co-operation of the National and the Pacific lines. They felt that adoption of their scheme of arbitral dictatorship over the railways would provide a means by which all of the more particular difficulties of the railways could be remedied. They presented not a series of recommendations but one master recommendation.

Thus the Duff report and the government's railway bill in its present form must be judged upon the merit of the proposal for an arbitral board.

The objections voiced by Mr. Beatty to the arbitral board are so fundamental that they stand a very good chance of ultimately prevailing in Parliament's decision.

* * *

WHAT is the Duff plan? Simply to set up an over-riding board whose authority in all railway matters would rule above that of the authority of either the trustees of the Canadian National Railway or the directors of the Canadian Pacific Railway. Where the railways were each minding their own business the arbitral board would have nothing to say and no purpose in functioning. Where they were, by joint agreement, performing some form of co-operative function, agreeable to both groups, again the arbitral board would not come into the picture. But inevitably in their operations the National trustees and Pacific directors would come to points where direct conflict of opinion was inevitable. It might be over pooling of traffic in a certain area; over joint use of some terminals; or on the allocation of branch line construction. Then the arbitral board, consisting of an equal number of representatives from each road, with a permanent appointee of the government as chairman would make the decision between the two roads. In practice, this would mean that Judge Fullerton, present chairman of the Board of Railway Commissioners, who has been suggested as the chairman of the arbitral board would be called upon to decide upon every point where the president of the Canadian Pacific Railway and the president of the Canadian National Railways could not agree. Thus the final authority in determining technical railway problems of the most complex nature would rest with a man who was not a railway man or financial man at all but an ex-lawyer and judge. And the blame for any mistakes he might make would fall upon the shoulders of the government that had appointed him.

* * *

IT IS very simple to say that the benefits that would be achieved would outweigh the risks involved but the risks have perhaps been underestimated. One has only to consider the character of the investors for whom Mr. Beatty is speaking to realize the seriousness of transferring to any one

(Continued on page 2, col. 3)

PAPER PACT LOOKED FOR EARLY DATE

Great Lakes Paper Co. Withdraws from Market

DISTURBING ELEMENT

Way Now Clear to Bring Operators Together in Common Policy

From Our Own Correspondent

MONTREAL. — Withdrawal of the Great Lakes Paper Co. from the newsprint market is regarded as the most significant move in the present negotiations to bring about stability in the industry.

For several weeks past representatives of the various newsprint manufacturers have been gathering in Montreal to bring about a settlement of marketing conditions which have been unduly disturbed by price concessions of one kind and another.

Probably the most disrupting element has been the Great Lakes Paper Co., which went into receivership some time ago and is now managed by the National Trust Co. This company is generally understood to have been offering newsprint at prices below the official standard in order to secure additional tonnage.

It would appear that the company has been successful in its efforts to secure further business, as evidenced by an official announcement that it has reached its objective in tonnage and is withdrawing all quotations.

Way Now Clear

With the removal of this company from the market it is now believed that the way is clear for the other operators to come together and reach a settlement not only in respect to marketing policies but also in relation to the re-allocation of tonnage among some of the producers.

There is no official word as to the progress of the present overtures in Montreal, save that any concrete proposal has been withheld owing to the fact that it has not been possible to get all the major operators to agree upon maintaining prices. As long as one or more of the producers were willing to make concessions to the buyers, the other operators did not feel it incumbent upon themselves to try and maintain a market.

This unsettlement, which has been pronounced in the past four weeks has brought about the switching of a number of contracts. This has given rise to numerous allegations of price-cutting, breaking faith, etc., all of which has been detrimental to the present conference fostered by the Newsprint Committee.

Sniping For Contracts

When the break in prices took place a short time ago—first officially admitted by Price Bros. & Co. and immediately followed with a further cut by International Paper Co. —operators have been sniping at each others contracts. In some instances the sniping was successful,

(Continued on page 2, col. 5)

Highlights of the Week

Events and Topics That Make Articles for The Financial Post This Week

Interest Rates

A 4 per cent government bond coupon has focussed attention on lower interest rates. Already rates on trust and loan debentures are dropping. Will other rates follow? First of several articles on this vital topic. Page 1.

Scrapping Track

The Duff Commission found 17,000 miles of Canadian railway not paying its way. Various plans were suggested to scrap it. Page 4.

Also Nation's Business and news story. Page 1.

Germany at First-Hand

British and continental eyes are watching Germany closely. They fear a crisis. H. T. Hunter, vice-president of The Post just back from Europe gives an intimate, first-hand picture. Page 1.

Power and Newsprint

Power investors have a big interest in newsprint developments for paper companies are the biggest individual users of power. This week we analyze just what this means to each individual power company. Page 1.

Expensive Government

Loans and guarantees for non-governmental purposes have reached since 1930 the staggering total of $300,000,000. An itemized compilation. Page 3.

More On Wheat Gamble

Newly-published orders-in-council throw fresh light on Bennett wheat gamble. Page 9.

Radio Plans

An exclusive story tells how Radio Commission plans to provide programmes for Maritimes and Prairies. Page 1.

IMPORTERS STILL BLAME DUMPING DUTY

Won't Credit Talk of Elimination Until It Happens

Importers and merchants quizzed by The Financial Post on the passing of legislation at Ottawa making good Imperial pacts as to what relief they expect if Ottawa implements promises to admit goods from British Isles without applying the dumping duty, replied in most cases that they can only judge the reported policy when they see it actually working out at the various customs ports of Canada. When the Imperial Conference was being held at Ottawa news reports led importers to believe that arbitrary valuation of the pound and snap appraisals by customs officers of goods imported would be done away with necessarily to make the various agreements effective. Delay has made them fear that decline of the exchange value of the pound since the Ottawa Conference had led the Dominion government to decide on delay.

In the meantime merchants state that an analysis of tariff rates, made effective on October 13, 1932, to implement Ottawa conference agreements, shows duties to have been dropped on most textiles to such a small extent as to mean nothing. They point out that the tariff was raised immediately when the Bennett government succeeded to power in 1930, that specific duties were added in 1931, that the sales tax was raised from one to four per cent in 1931 and again to six per cent in 1932, and that an excise tax of one per cent levied in 1931 was increased to three per cent in 1932. It was the dumping duty imposed in 1930 when Great Britain went off the gold standard which really killed all prospects of profitable export and import busi-

(Continued on page 2, col. 4)

LITTLE ACTION DUFF REPORT TILL FEBRUARY

Three Courses Open to Senators But Deferment Likely

From Our Own Correspondent

OTTAWA:—The Duff Railway Legislation already has been changed out of all recognition by the Senate Railway Committee, but in principle it embraces virtually all the important provisions carried in the original bill.

That it will be further re-drafted goes without saying but the degree to which the Senate will alter its principles is becoming increasingly difficult to forecast. Last week the elimination of the Arbitral Board section of the bill seemed inevitable. This week this is not so certain though it probably is true that the Senate would prefer to delete rather than enact it immediately.

Temporarize with Report

The fact is that the legislation has been winning friends in the Upper House largely because Senators feel themselves incapable of repudiating the Duff report. To do so would involve re-opening the railway inquiry, the re-taking of evidence, the re-drafting of recommendations and of legislation. Senators, apparently, do not relish such a prospect, particularly as the Commons might restore the original bill. For this reason there is a tendency to temporize with the problem, to modify the bill here and there, tone down this clause and that, but to leave it substantially in the original form.

This, of course, is not true of all the senators who are now sitting in judgment upon the legislation. A strong attempt will be made to bring about unification of the two railways, substantially along the lines recommended by President E. W. Beatty of the Canadian Pacific.

Beatty Chief Witness

Mr. Beatty has been the only important witness heard by the committee to date. His evidence differed somewhat from the evidence he gave to the Duff Commission. He strenuously opposed the Arbitral Board section of the bill, doing so on the ground that it would be an unwarranted and indefensible invasion of the charter rights of the Canadian Pacific railway. The company, he intimated, could not accept such a section unless it was accompanied by a statutory declaration extending some protection to C.P.R. shareholders. Undoubtedly Mr. Beatty meant a guarantee of fixed charges.

The case of the Canadian Pacific against the Arbitral Board is quite obvious. The Arbitral Board section of the bill will vest supreme powers to decide all matters in dispute between the two roads, in the chairman of the Railway Commission, Hon. C. P. Fullerton. The board cannot really function save by Mr. Fullerton's consent, and its decisions—in reality his decisions—are binding upon both roads. There is no appeal save in matters of jurisdiction.

In other words, Mr. Fullerton would have power to interfere with the management of the Canadian Pacific, to over-ride the decisions of executive officers placed, by the shareholders, in charge of their property. Yet, as the chairman of the Arbitral Board, he is not responsible to these shareholders.

Might Force Issue

Mr. Beatty went so far as to intimate to the Senate that the C.P.R., in order to safeguard its rights, might take steps to render the Arbitral Board inoperative. This could be done by the Canadian Pacific entering into an arrangement with the National railways whereby there would be no appeals to this Board. Since the Board cannot function, as outlined in the bill, save by a reference from one or other railway, this would nullify the section.

Mr. Beatty's objections to the Arbitral Board were not challenged in the committee, though Rt. Hon. Arthur Meighen, government leader, said a few words on the other side of the case. Senators, undoubtedly, were deeply impressed, but

(Continued on page 13)

Interest Rates Drop On Trust Debentures

First Effect of Lower Coupon Rate For Government Bonds May Presage More Changes in Other Fields

Appearance of a four per cent coupon on a federal government bond has brought sharply to a head in Canada the question of interest rates.

Does this new low rate on government parchment (which of course was only nominal since the bonds sold on a 4.5 per cent basis) presage a general lowering of interest rates or was this only a rather unsuccessful attempt on the part of the federal government to ape the older sovereignties which have been doing amazing monetary tricks with what seem in this country to be absurdly low interest rates

The Financial Post has been asking this question of late of many different types of individual and institution. Answers are in part non-committal, in part illuminating, and will be discussed in this and subsequent issues, for the price of money is a subject in which everyone is interested, whether he be buyer or seller.

Is Broad Field

The field of interest rates is obviously as broad as the whole realm of trade and commerce itself. If you are a merchant the term probably suggests the price at which you can obtain accommodation at the banks to carry on your daily business. If you are fortunate enough to still have liquid assets to invest you are also interested in the current interest rate on high-grade securities.

Then there is the executive of the trust or loan company. To him interest rates have a threefold significance. He is interested in the price at which he can market his debentures or "time" deposits as he sometimes calls them. He is equally interested in the current "price" of mortgage money and in maintaining a satisfactory spread between these two rates. He is also interested in the rate he must pay savings account depositors.

Another equally interested group with their own special problems is the life insurance institution. Here the earning rate on all types of investment; the rate paid on funds left on deposit; the rate for policy loans and so forth are important considerations — each with their particular point of view.

Mortgage Problems Heavy

Another group whose interest problems at the particular moment are extremely onerous are those who have mortgages either to place or be placed. The ramifications of mortgage interest rates embrace most of the spheres already mentioned and many others such as the construction industry; the basic business of agriculture; provincial legislation and moratoria and so forth.

Threading his way through the entire maze is of course the common or garden banker. In Canada his position is fairly well cut and dried for he is traditionally a believer in the efficacy of fixed interest rates which change scarcely a whit with the ebb and flow of business. In subsequent issues something of the viewpoint of these and other lenders and borrowers together with the wider aspects of the question will be discussed but meanwhile there are a few points of importance which are apparent.

Loan Debenture Rates Cut

Firstly the immediate effect of lower rates on government securities has been a decline in the rate which trust and loan companies are

(Continued on page 2, col. 6)

CAN. CEMENT BOND INTEREST TO BE EARNED

Surplus Available for Reserves Will be Reduced

EFFECTS ECONOMIES

Contraction in Building Work Reduces Demand for Cement — Output Down 50%

From Our Own Correspondent

MONTREAL.—Earnings of Canada Cement Co. will show a sharp decline in the fiscal year which ends November 30, but will be sufficient to cover bond interest before depreciation. What margin will remain available for depreciation and other reserves has not been disclosed but it is known that it will fall substantially below figures for last year.

Until this year the company's income account has been slow to reflect the general decline in business. In the period ended Nov. 30, 1931, gross earnings were marginally lower at $5,182,421. Bond interest totalled $1,076,066 and after depreciation of $2,071,101 there remained net earnings of $2,035,254. Further reserves of $468,824 were provided and surplus was sufficient to cover preferred dividends of $1,362,751 by a margin of $190,440. At the end of the current year it is estimated that there will be less than $1,000,000 available for reserves after bond interest.

Included Big Carry-over

Considering the slowing up which had been felt in other lines of business by November 30, 1931, Canada Cement's last income account was considered extremely satisfactory. J. D. Johnston, president of the company, pointed ou that new business had shown considerable recession but the effects of a considerable carry-over from the previous year had swelled total sales. A number of construction projects carried over from even as far back as 1928 were being finished up so that on the whole the company did a fair volume of business though total tonnage was less than in the previous year.

In the current year, however, the company has felt quite definitely the effects of the contraction in building. Corporate expenditures on new properties have been cut to a minimum, governmental outlays have been restricted; in fact all those sources from which new construction springs have been dammed up through the exigencies of the times. Old jobs carried over by the company were finished up for the most part last year; the volume of new business has been seriously curtailed.

Earnings Reflect Situation

The last figures available on production of cement in Canada, which have a very definite bearing on the company's activities, since it produces the major portion of the commodity in the Dominion, show that in the first seven months of 1932 Canadian output of cement amounted to 2,764,893 barrels; in the corresponding period of last year 5,649,697 barrels were produced. The decline to the end of July this year therefore was slightly over 50 per cent as compared with the same period in 1931, a drop which was reflected in production of Canada Cement Co.

Preferred Dividends Stopped

That earnings have been affected despite economies placed in operation, is seen in the deferment of preferred dividends. At the end of last year there was outstanding $20,965,400 of 6½ per cent preferred stock on which dividend requirements were $1,362,751. Disbursements were maintained until July last but when the September payment came up for consideration, directors decided to conserve the company's cash position. Operations it was stated, had been on a reduced scale due to conditions in the building trades.

With revenues diminished during the current year it may be supposed that provisions for reserves will

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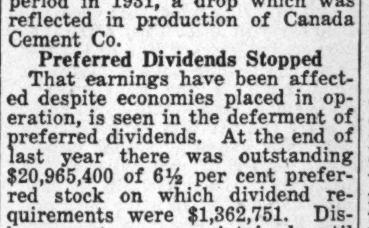
Stock Market

20 INDUSTRIAL STOCKS



MARKET RECORD

20 Industrial Stocks	High	Low
Week of Nov. 22	29.7	28.3
Week of Nov. 15	30.3	29.0
Month of Nov., 1931	41.6	34.9
8 Bank Stocks		
Week of Nov. 22	167	166
Week of Nov. 15	168	165
Month of Nov., 1931	216	216
10 Public Utilities		
Week of Nov. 22	47	45
Week of Nov. 15	48	46
Month of Nov., 1931	63	57

Believe Radio Commission to Aid Private Broadcasts

Post Learns That Government Will Pay Cost of Sending Industrial Programmes to East and West

The Federal Radio Commission is seriously considering extending the coverage of first class programmes being sponsored in central Canada by some of the larger industries, The Financial Post learns. This information, while it cannot be confirmed at Ottawa, has been received in a semi-official way from industrial heads at Toronto and Montreal.

The development of a policy along these lines is causing agreeable surprise to industrialists who rather expected that the Commission would decline to co-operate in the broadcasting of industrial programmes, notwithstanding their merit, and would seek to put on special broadcasts, originating and travelling from and over Commission studios and wires.

As nearly as may be learned, the Commission has in mind co-operating with industrial broadcasts in this way:—Many fine programmes are going to be broadcast in central Canada this winter by the larger industries. These programmes will not be carried either to the west or to the Maritimes. Cost of transmission would be very heavy.

Will Transmit East and West

The commission, it appears, is considering leasing wires and stations in the west and the far east so that these programmes can be given a wider distribution than, otherwise, would be the case. The commission is not sharing in the costs of the broadcasts, nor paying any money direct to the industries, but is going to defray the additional expense involved in carrying the programmes throughout the Dominion.

It is not yet clear which programmes will be selected for this treatment, nor is it clear that the Commission has come to a final decision. An obvious selection, however, would be the Canadian Industries' series of broadcasts soon to begin, in which Canadian artists of international reputation will be heard. In all probability an announcement from Ottawa will be forthcoming within the next two weeks.

Power Firms Watch Paper Situation Closely

From Our Own Correspondent

MONTREAL.—Efforts directed toward consolidation, re-allocation of tonnage, decline in consumption of paper, and other matters pertaining to the newsprint industry are being closely followed and not altogether without apprehension by hydro power operators.

For more than two years the Canadian newsprint industry has been operating at a level considerably under its rated capacity. Some producers are in receivership. Only one company is paying its bond interest. Rigid economies have been enforced, but few concerns are fully covering their operating costs.

Power is one of the principal items of expense for a newsprint manufacturer. Inasmuch as electrical energy is contracted for under long term contracts, the contractor has of necessity had to take delivery and pay for the power even though it has been impossible to make full use of it. So far no material reduction has been made in power costs. How long the operators can continue meeting their power bills is a matter of speculation.

Pay For All Power Contracted

The nature of these power contracts with the newsprint companies is that the latter have had to live up to them even though the supply of energy is in excess of requirements. But power is essential to their operations. For that reason long term delivery contracts have been entered into by all the operators.

To pay for what they are actually using would lighten the manufacturers' burden, but contracts for firm power call for payment irrespective of whether or not the energy is used in manufacturing operations.

Have to Maintain Agreements

It might be asked why have the power companies not modified their contracts as the paper operators undoubtedly have endeavored to get them to do on more than one occasion.

It is just as difficult for the power company to modify its contracts as it is for the paper companies to meet their bills. Millions of dollars have been invested in gigantic power developments across the country. Were it not to have met the demands of the newsprint industry, many would never have been built. Capital was put up in good faith and the power company is no more in a position to carry the burden of surplus power than the newsprint manufacturer with his surplus of machine capacity.

Because of that condition the paper companies have been obligated to live up to their contracts. There is no saying that such will always be the case as the position of the newsprint industry is in such desperate straits that concessions may have to be made, willingly or unwillingly.

One Grows With the Other

At this juncture of the newsprint negotiations, it is well to examine the position of the power companies in respect to their newsprint power contracts. The marked growth of the water power industry over the past decade is attributed to the equally marked growth of the pulp and paper industry.

At the beginning of this year the Canadian water power industry reported a turbine installation of 6,666,337 h.p., of which amount 1,594,020 h.p. was used in the pulp and paper industry. Again 993,024 h.p. of the amount used in the industry was purchased power.

Newsprint Operators Large Buyers

Of the latter total, a fair proportion is utilized in the manufacture of pulp and fine papers and may be regarded as outside the influence of the newsprint situation. The amount directly associated with newsprint operations is in the neighborhood of 900,000 h.p. Eliminating operations on the Pacific Coast, it is estimated by The Financial Post that 797,035 h.p. is marketed by the hydro-electric companies with the newsprint industry. In making this survey no consideration is given to power generated by newsprint manufacturers, as in the case of Bathurst, Spruce Falls, etc.

Just how closely the water power industry is linked up with the newsprint industry is to be seen in the accompanying tabular matter which sets forth the principal producers and the amount of firm power marketed with the different manufacturers. It will be seen that in nearly every instance, any radical change in existing contracts would create an unhealthy situation.

Market Position Is Uncertain

It is the market position of the 800,000 h.p. of energy sold by the power companies to the newsprint operators in the Eastern field that is causing concern to those primarily interested in the water power industry. Already there is an over-capacity in the power field and anything that is going to jeopardize a market of several hundred thousands of horsepower is going to aggravate a situation which is already receiving the attention of power executives. It is little wonder that they are closely following the present newsprint negotiations.

While the newsprint companies are experiencing financial and other difficulties, operations continue though on a reduced basis. Hydro power is needed but the decline in business offering and the concentration of production in the low cost mills has brought about the closing down of a number of plants. The cost of firm power which would ordinarily be used in such mills has had to be borne by the operating units.

Ability to Pay Important

There are three points to consider in surveying the situation as relating to power marketed with newsprint manufacturers. First is the ability of the purchaser to meet his power bills; secondly, effects of consolidation; and, thirdly, effects of re-allocation of tonnage.

With few exceptions, the newsprint operators are finding great difficulty in meeting their power bills. Price Brothers & Co., for example, made overtures to Duke-Price Power Co. with a view to having the latter accept income debentures in lieu of cash in payment for power delivered. This offer was rejected.

Donnacona Paper Co. carried through a plan of reorganization,

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Beattie Gold Contracts With Hydro For Power

Beattie Gold Mines, it is unofficially reported, has successfully negotiated with the Ontario Hydro Electric Commission for its power requirements. The terms of the contract are understood to be substantially the same as announced in The Financial Post last week, or an initial rate of about $30 per horse power per year with sliding scale rate that will average about $22 per h.p. for an ultimate block of 15,000 h.p.

The Canada Northern Power Corp. unsuccessfully tendered for the power for the project with its standard rate in force at the existing northern mining properties.

FINDS OUTLOOK MUCH CLEARER IN GERMANY

First Hand Contact Allays Fears That Crisis is Imminent

SITUATION REVIEWED

Leading Industrialists and Bankers Believe Vast European State Working Out of Troubles

By H. T. HUNTER
Vice-president The Financial Post

During a brief sojourn in London, in which I discussed business conditions with cabinet ministers, bankers and industrialists, I was constantly impressed with the importance attached by all to the situation in Germany. I decided to go to Berlin and get some information at first hand.

In London I found the impression that there were two black clouds overhanging Germany:

1. Political revolution.
2. Financial collapse.

No Confirmation

In Germany I found no confirmation for either supposition in the near future although there are adjustments that must be made and sores that must be healed.

I talked with bankers, economists, government executives and experts at some of the embassies. Important international conferences on finance, armaments, tariffs, etc., are scheduled for the near future, and almost without exception these men stipulated before answering questions I put to them that they should not be quoted.

I was in Berlin four days before and four days after the general elections which were held Sunday, Nov. 6. A general transportation strike had been called in Berlin through the influence of Communists and some 22,000 men were thrown out of work. The labor union leaders endeavored to ward off the strike but the rank and file voted for it. The Nazis under Hitler's leadership supported the strike. Thus for the first time the Nazis and Communists, who are bitter enemies, united to fight a common foe. There was some fear that the trouble would spread. London and New York newspapers carried lurid stories on riots that were taking place and the danger of it developing into general revolution.

Two days before the election, the police fired on a mob of strikers who were getting out of hand, killed three and wounded a number of others. A few hours after this clash the resident correspondent of a leading London daily took me with him on a two-hour tour of the city, but everything was quiet and orderly.

Typical Exaggeration

I have referred in some detail to this incident because it seemed to be typical of exaggerated and misleading information fed out to sensation-loving people in foreign countries.

The Hyde Park and Marble Arch riots the week previous in London were exaggerated in the same way. There was really no disturbance of any importance or significance in Germany either in connection with the strike or the elections. In fact, the significance lay in the absence of trouble. The elections were held Sunday, November 6, and were as quiet and orderly as our own.

It is true authorities expected some trouble and took measures to forestall it. They prevented as far as possible crowds congregating together on election night. Newspapers in Berlin had been accustomed there as here to flash on a screen the results of the elections. An order was issued in Berlin forbidding this.

The chief Communist newspaper was suppressed two weeks before the elections, and the official organ of the Nazis, a newspaper published in Munich and edited by Hitler, was suppressed two days after the elections for some statements regard-

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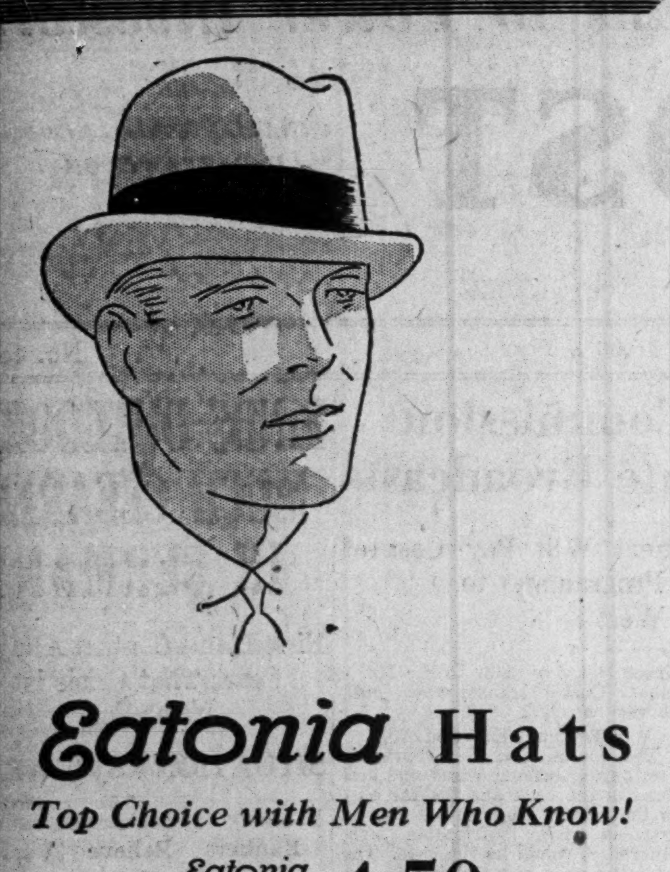

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The Nation's Business

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man, appointed by the government, an authority over a huge private property greater than the authority of the owners themselves.

The Canadian Pacific Railway has some 188,700 investors interested in its common stock, preferred shares and debentures. Of these more than 135,000 live outside of Canada, 92,700 of them in Great Britain. These investors purchased their C. P. R. securities as investments, not as speculations. Most of them became interested in C. P. R. over the term of the last 30 years when Canadian Pacific Railway securities have ranked as Canada's premier securities, when they have had higher standing in many countries than bonds of the Dominion of Canada or any of its provinces. Most of them are now rather bitter that the senseless extravagance of the publicly-owned railway, that carried the directors of the Canadian Pacific Railway off their feet in a somewhat panicky effort at self defense, has impaired the security of their investments and, in the case of the common stockholders, taken away from them dividends that would undoubtedly have been paid right through the depression had the financial position of the company not been affected unfavorably by the railway hysteria of the post-war years in Canada.

For the honor and credit of Canada, for practical business reasons that touch the interests of every investor, business man, farmer and worker in Canada, it is essential to consider how this large group of investors outside of Canada — or for that matter the 51,000 Canadian Pacific investors within Canada—would view a plan to take away from the board of directors that they have appointed the ultimate authority over the billion dollar property that they own.

* * *

THAT the appointment of the arbitral board would be considered in the nature of confiscation cannot be denied for an instant. And if the arbitral board made any serious mistake involving the Canadian Pacific Railway in a large loss, and this sequence of events were followed by any financial difficulties for the railway, it would never be forgiven to Canada that she had wrecked the investment of thousands of foreign investors in a vain attempt to save her own public ownership bacon.

During the next few years Canada will probably have to borrow many millions of dollars in Great Britain. A large part of our own investment capital has been extinguished by the collapse of speculative bubbles, by the deflation of capital values, by excessive governmental borrowing for current needs and by heavy taxation. The American capital market has proven an uncertain source of funds and, at the present time because of the American insistence on payment of interest and principal in American dollars which we cannot afford to buy, an expensive one. The American people now give no indication of resuming their foreign lending operations on any large scale and Canada cannot be sure of her ability to borrow there as she needs. But circumstances have combined to restore in some measure, which will expand, the availability of the British supply of capital for Canadian uses and we shall find British capital an eminently tangible aid to us in the process of recovery. The astute, if somewhat sensitive, British investor who felt so much annoyed about the Grand Trunk award in which we went about the doing of a perfectly fair thing in a blundering sort of way, would stay out of Canada completely if we were by legislation to confiscate the authority of the owners of the C. P. R. over their own property.

* * *

IT IS certain then that we shall have to find a more reasonable substitute for the arbitral tribunal outlined by Justice Duff and his fellow commissioners.

The simplest alternative is, of course, to provide for no over-riding control at all and to trust the railways to join together voluntarily in co-operative measures of expense reduction. Mr. Beatty has already indicated his willingness to obey any statutory injunction placed upon his railway in this regard and there seems little doubt that the Canadian National at the present time and under the present management would also co-operate. But such a plan is merely the continuance of the present state of affairs. It treats of the railway problem as a surface abrasion susceptible to mild treatment, when it is in reality a deep-lying trouble requiring surgical treatment.

* * *

POSSIBLY the best features of the arbitral tribunal without the chief weaknesses could be retained by providing for machinery to set up boards of arbitration to deal with each problem on which the two railways locked horns. In most such cases the railways would be able to agree on their own third members and they would probably select outstanding railway authorities such as Gray, of the Union Pacific, Atterbury, of the Pennsylvania, Stamp, of Britain, etc. Since, in each case, both the C. N. R. and the C. P. R. would be voluntarily submitting some common cause to a responsible and able authority for determination, and would be doing so not because a statute or a cabinet ordered them to do so, there could be no complaint from C. P. R. shareholders who would in the long run stand to gain much more than they could possibly lose.

But if the arbitral board with statutory authority, empowered to initiate measures of co-operation as well as deal with them, is to be provided for in the new railway act, then there is a great deal of merit in the suggestion of Mr. Beatty that the shareholders of the private company shall be given assurance that their own investments shall not be jeopardized through the confiscation of their control over their property. Satisfaction of this character, that would disarm investors here and abroad of any real just cause for complaint, would have to take the character of a guarantee by the Dominion government of either a fixed minimum net revenue to the Canadian Pacific Railway or a fixed minimum dividend on the common stock, which would imply a virtual guarantee of the senior securities.

* * *

MR. BEATTY'S analysis of the arbitral tribunal suggestions was a thoroughly capable document. He spoke, as he was asked to speak, as the representative of those thousands of investors for whom he holds the Canadian Pacific Railway in trust. Too seldom do the executive heads of Canadian corporations speak out frankly and publicly outlining their views and letting the public know what they consider fair. The temptation is often accepted of working through propagandists and generally in the dark to educate public opinion.

But if Mr. Beatty was speaking as chairman of the C. P. R. in discussing the different phases of this main recommendation of the Duff Commission he was speaking primarily as a citizen of Canada when he urged an operating amalgamation of the two railways under the C. P. R.

Under normal circumstances the idea of a complete railway monopoly in Canada whether under public or private management would be thoroughly repulsive to Canadians who fear the possibility of the combination of high-handed unwilling service and wasteful, inept management. They would be afraid that even C. P. R. management could not continue its present character without the spur of competition. But it is a little difficult to determine what the people of Canada would vote for if the present problem were clearly outlined to them and they were asked for their opinions.

On the one hand, the Beatty plan of amalgamation through lease offers a possible annual saving of $75,000,000 a year, most of which would accrue to the benefit of the taxpayers and that would over a term of ten years remove us from the close edge of the canyon of insolvency. On the other hand the people have a keen desire for the high type of railway service that they believe comes from competition.

In the one case the benefits can be measured reasonably well by the financial yardstick; in the other they cannot and that is what makes the choice so difficult.

At the present time, nearly all sections of the Canadian public unite in asking that the solution be sought in a maintenance of reasonable competition.

FINDS OUTLOOK MUCH CLEARER IN GERMANY

(Continued from page 1)

ing Von Papen which were claimed to be untrue.

P. R. Blamed for Deadlock

The proportional representation system of voting is largely responsible for the deadlock situation which has existed in Germany during the past year and for the five elections which have been found necessary during that short time.

I was surprised to find the confidence with which the men to whom I talked predicted the results of the elections, and I was amazed at the accuracy of their predictions.

The proportional system made this possible as it eliminated to a great extent the personal equation, except in the case of leaders of parties. Voters did not cast ballots for individual candidate but for a party.

It was confidently predicted, first, that Hitler and his Nazis would lose between 10 and 20 per cent of their seats in the Reichstag, that the Communists would make gains, that Von Papen, with the prestige of Chancellorship, would make some gains for the Nationalists' party, but that on the whole the situation in the Reichstag would not differ greatly after the elections from what it was before.

This is exactly what happened.

Communists Gains Small

The general transportation strike in Berlin helped the Communists. They polled over 800,000 votes in Berlin, which was over 50 per cent of the vote cast. I found no indication, however, of them exercising any dominating influence on the government now or in the near future. They will have only about one-sixth of the seats in the Reichstag. They have isolated themselves as a party and will not combine with any other group.

They are poorly led. Funds are supplied from Moscow, but the leaders in Germany exercise considerable independence and there is constant strife between the German Communist leaders and Moscow officials.

The chief Communist newspaper was suppressed, but I followed closely each morning the second Communist paper, Berlin Am Morgen, and was surprised to find its opinions expressed in such a moderate and restrained tone. No doubt the dictatorial attitude of Von Papen, strongly backed by Hindenberg, was responsible for this.

Hitler Not Constructive

The Nazis party lost about the expected number of seats. Hitler has apparently no constructive policy. He is an orator of the demagogic type. He has the power to sway the people en masse. He appeals particularly to the young men. He tells them of their hardships and sufferings, and promises if given a majority and a free hand to bring about better times. He lays much of the blame for present conditions on Jewish financiers and this accounts for his anti-Jewish prejudices. He appeals to national pride by attacking violently the humiliating conditions imposed on Germany by the Treaty of Versailles and various international agreements to which the German Government has subscribed. He has opposed the Social Democratics, the labor unionist party, on the ground that they do not offer enough to the people and have no solution for unemployment problems; and he has, of course, been very anti-Communistic. The unemployed have followed him, feeling at any rate they had nothing to lose by so doing. In fact 50 per cent of his followers are said to be in the ranks of the unemployed.

Industrialists have supported him because they saw in his party a method of fighting Communism and combating the unreasonable demands of labor union leaders. Thus he has drawn his support from many classes of people and with conflicting interests.

The leader of an opposition can often reconcile conflicting interests of this kind but when he accepts office and is given authority the promissory notes he has given fall due.

Social Democratic Party

The Social Democratic Party is made up largely of trade unionists. It is still a powerful party although the Nazis and Communists have made inroads into their following, aided largely by the business depression and consequent unemployment.

The Nationalist Party, led by Hugenborg, a wealthy publisher with a chain of newspapers, is the old Junker Party. Von Hindenburg himself by birth belongs to this class. Many people think Bruening's downfall was due chiefly to his proposal to break up some of the large landed estates of the Junkers and use the land for settlement by some of the unemployed.

The Nationalists have had less than a dozen members in the Reichstag, but the Chancellor, Von Papen, was chosen from this party.

The centre party, the Catholic group, have been very influential, not because of their numbers but because the other groups were more willing to work with them than with each other. Bruening belonged to this party.

Bruening is highly regarded both at home and abroad, although one of his former colleagues told me very frankly and emphatically he was a procrastinator, had no knowledge of finance and altogether was a much over-rated man.

Democratic in Theory

Theoretically, Germany has a democratic form of government. There are two pillars supporting it, the Reichstag and the president, both elected by popular vote. When Von Papen dissolved the Reichstag to prevent the passing of a want of confidence motion, one of the pillars temporarily crumbled. The other, however, still stands.

The president, Von Hindenburg, has been in control of the situation and it is believed he will observe the terms of the constitution. If he cannot carry out his wishes under the present constitution, he will not violate the terms but will make amendments to suit changed conditions.

People tell you everything depends on Von Hindenburg. His personality alone can carry them through. Although he is in his 86th year, they are confident he will be able to carry on at least for a few more years. His health is better and he is more active today than he was a year ago. He has the complexion and soft clear skin of a child.

The Reichstag must be convened within thirty days following the elections. Von Papen has taken the full limit of time and has announced December 6 as the date for opening session of the Reichstag.

Although Hitler has the largest number of seats he has not a majority, and even if he accepts the Chancellorship he will not be given a free hand.

Armaments Big Question

Whatever coalition is formed or whatever government comes into power, the demands of the Bruening and Von Papen government in regard to foreign policy will be continued.

First in importance is probably equality of armaments. Germany claims she is entitled to this under the Treaty of Versailles, whereby signatories to that treaty undertook to disarm proportionately to restrictions imposed on Germany.

Failure to meet the German viewpoint on this question in some reasonable way strengthens the radical and left wing element and breeds discontent that may at some future time break out in some revolutionary form.

The one policy on which all parties in Germany unite is in opposition to what they term the humiliating and unjust demands of the foreign powers.

France has been adamant in her demands but there are signs that she realizes that a great, intelligent nation of 65,000,000 cannot permanently be kept in a servile state of subjection.

There does not seem to be any aggressive militaristic feeling in Germany today. They are sick and tired of war and the hardships it has wrought. They are anxious for resumption of trade and decrease in number of unemployed. Germany is the heart and centre of Europe. There can be no permanent peace or prosperity till some satisfactory solution is found for the problems affecting her relationship with her former enemies.

My survey of the political situation in Germany was hurried, but I talked with a number of men in responsible positions and they were agreed that Germany's domestic problems of both state and finance are bound up with her international relations, and as soon as these are satisfactorily settled the acute domestic problems will gradually disappear.

I had a long talk with some of the outstanding bankers and financiers in Berlin and next week I shall endeavor to give briefly something of their viewpoint on Germany's financial problems.

IMPORTERS STILL BLAME DUMPING DUTY

(Continued from page 1)

ness, it is claimed, because inability to import hampers exports as well.

Merchants have urged on Ottawa that Canadians should be able to get in purchases of imported goods some benefit from the reduction in cost of living which has occurred since early in 1930. They state that on practically every line of textiles where the British have a chance of doing business the government's toll is such that the laid-down value is more than it was back early in 1930. For example, actual import of two pounds of unbleached cotton goods from Great Britain in 1930 had a value of $1.15 after duty and sales tax amounting to 13¾ per cent. The value after all taxes before the Ottawa Conference was $1.23 and $1.22 after the Conference, but in the two last quoted figures were included duty, sales and excise taxes and dumping duties, amounting in all to 53¾ per cent of invoice price before the Conference and 52½ per cent after the Conference. Yet the invoice price of these goods in Canadian currency had only declined 21 per cent. To make up for exchange advantages given the British exporter and the Canadian importer the British pound was valued at $4.40 and if the goods were sold at the rate of $3.82 to the pound the difference was added to the customs bill.

Where Prices Fell

Exactly the same process was applied to most categories of cotton, woollen, silk, and artificial silk goods and in almost every case where dumping duty was applied there had been considerable drops in invoice prices but customs charges brought prices up beyond that of 1930. In the few cases where no dumping duty was applied because articles were declared to be of a kind not made in Canada, the laid-down cost was lower in spite of increased customs duties, sales tax and excise tax but not much lower. For example, velvets for clothing not subject to dumping duty were made 30 per cent cheaper in invoice value by the decline of the pound and, though duties increased from 17 per cent to 36½ per cent, actual cost to importer in Canada after paying duties is 20 per cent less than in 1930. The Conference agreement made this possible by eliminating specific duty of three cents a pound and dropping the ad valorem duty from 22½ to 15 per cent. The absence of a dumping duty made this possible.

Similar benefits to importers are shown in other cases where the dumping duty was not applied, notably in the case of certain colored laces which can now be bought 10 per cent cheaper, cotton lace curtains down five per cent, bleached linen tablecloths 27 per cent less, linen pillow cases down 27 per cent, linen handkerchiefs 26 per cent less, because duties in this case were made less than half those in 1930, Italian linings 21 per cent less, printed books 17 per cent down, steel scissors 20 per cent down because duty was also lowered and pocket knives down 25 per cent.

Some Protection Needed

Practically all other items in woollen, cotton and silk goods are made dearer, it is claimed. It is not denied that Canadian manufacturers need some protection but importers claim that present taxation is so high it kills a great deal of possible business without benefiting Canadian mills and therefore shuts off considerable British trade which would be of benefit to both countries in the ultimate analysis.

Some go further and say that distress goods of foreign lands should be let into Canada. Their argument runs like this. "The farmer sells at distress prices. So do some other primary producers, but it would not be so bad for them if they could get the distress products of other lands. It would make their Canadian dollars spin out further. There is a lot of talk about the value of inflation to help out the situation. Arbitrary inflation is bad but subjecting the Canadian dollar to the test of international trade might under present conditions bring about a natural inflation which would be beneficial to everybody once it was accomplished."

Will Play Ball

But most merchant-importers are still willing to play ball with the Canadian manufacturer, and declare that even under free trade they would buy most of their goods from him because he knows Canadian needs and tastes and also because it is to the advantage of merchants to have employed and industrious citizens in the communities where they sell. They state, however, that though the Christmas sales have been stimulated by cold weather, delay in redressing the customs duties has led to loss of sales which otherwise would have been made. Some dishonest importers are evading duties by devious means, it is suspected and smuggling is on the increase.

PAPER PACT LOOKED FOR EARLY DATE

(Continued from page 1)

resulting in the transferring of tonnage.

During all the time these conferences have been going on, the market situation has been an effective means of preventing any concordance of opinion.

The manufacturers are well aware of the ultimate end of a price war, inasmuch as they are not in a position to withstand any prolonged struggle. An agreement in respect to price and marketing policies is imperative. Discussions have been along those lines. And while all admit the general desirability of a common policy, it has been a difficult matter to bring about an agreement as long as one or more of the major producers remained outside of the fold.

With the elimination of Great Lakes Paper Co. from the market, it is the belief that the Montreal conference will shortly arrive at an agreement on price and marketing policy, as well as on the matter of re-allocation of tonnage.

Price and Policy

Price and policy are two points on which an agreement can be readily reached. Discussions of late are understood to have centred on tonnage. Certain of the operators are known to be operating on a basis of less than 30 per cent of their official capacity rating. Operations cannot be continued indefinitely on that plane.

In order to alleviate the condition of those manufacturers and in turn satisfy all concerned that they are getting a fair proportion of the business offering, it has been proposed that those companies with a volume of business above average should transfer part of their tonnage to the weaker companies.

The difficulties confronting the members of this conference in deciding upon a fair and reasonable apportionment of tonnage, can be readily appreciated. It is learned that some of the operators are desirous of wanting a larger tonnage than the more solidly entrenched operators are willing to concede.

The situation has reached such a serious stage, however, that one and all appreciate the fact that concessions must be made in order to hold the present marketing structure and prevent a general breakdown of the industry. Such a happening would bring in its wake an unrestricted scramble for contracts, cutting of prices far beyond the present unprofitable level, further bankruptcy among the manufacturers, and the wiping out of millions of dollars invested in the industry.

While there are problems to be overcome in connection with the reallocation of tonnage, it is to be expected that these will be surmounted and an announcement forthcoming shortly respecting a common policy for the major newsprint operators.

INTEREST RATES DROP ON TRUST DEBENTURES

(Continued from page 1)

allowing on their short-term debentures. This rate varies considerably from year to year and in the past decade has changed something like eight times. Since the federal government put out its National Service Loan last fall on a 5½ per cent basis this rate was raised to 5½ per cent in order to meet the competition.

Late in the summer when bond prices had stiffened considerably one leading savings and loan institution in Toronto led the way downward by lowering the rate on its renewals of three to five year debentures, from 5½ to five per cent. Shorter term debentures were still offered at 5½ but early in October the rate was dropped to five per cent for all maturities. On November 2 another trust company —National Trust—lowered its rate to five per cent and others are reported to be following the lead on December 1. By the end of the year it is expected that most companies will have dropped their rates to the lower level.

Lower Life Rates Expected

So far this has been the only concrete change that has taken place. Opinion differs sharply as to what the next step will be.

One change which it is almost certain will eventuate at the end of the year will be a lowering of interest rates by insurance companies for funds left on deposit with them. Last year about half the leading companies lowered their rates as compared with 1931 schedules but even now the average rate is high compared with corresponding rates in other countries and compared with actual and prospective earning power.

Will Bank Rates Drop.

Considerable discussion has arisen as to the need and probability of a downward revision of rates paid by banks to savings depositors. It has been suggested that this rate should be cut to two per cent and that by so doing a corresponding cut could be made in rates at which banks lend money to commercial and industrial firms.

Many bankers scout this possibility and stress the fact that it is not lower interest rates but a clearer business horizon that is the primary business need at the present time. The retort comes back of course that both a clearer outlook for the future and cheaper interest rates would be helpful.

As regards the lowering of the traditional three per cent interest rate to savings depositors it is felt that at a time when public opinion in many parts of the country is already somewhat hostile to chartered bank operations, such a move would only add fuel to the fire and arouse much ill-will. There are, for instance, many who find it difficult now to reconcile a three per cent rate to lenders and a six, seven or eight per cent rate to borrowers.

Editor's Note—This subject will be discussed at more length in subsequent issues of The Financial Post.

Cotton Firms Extend Shorter Credit Terms

From Our Own Correspondent

MONTREAL. — Canadian cotton companies have notified retailers wholesalers and converters of a tightening up in extension of credit. Long term dating on accounts has been eliminated under the new regime; new terms are 2 per cent discount on the tenth of the month following and 60 days nett.

Previous long term dating included cash discounts of 2 per cent, spring dating March 25, and fall dating October 25 with 9 per cent for prepayment.

It is explained that the new terms have been in effect in other trades for years and will not dislocate existing conditions. The change is justified also on the grounds that hand to mouth buying in recent years has forced the manufacturer to carry stocks on hand in the place of the wholesaler.

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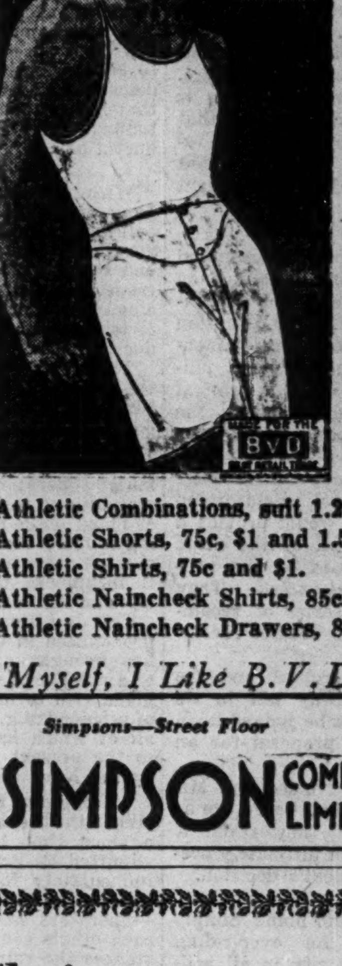

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DOM. WOOLLENS WILL POSTPONE BOND INTEREST

Bondholders Meet December 19 to Consider Plan of Adjustment

Bondholders and stockholders of Dominion Woollens & Worsteds Ltd. will meet on December 19 in Toronto to consider a plan whereby the company is relieved of fixed charges on its funded debt in return for certain concessions granted to bondholders. Hit by conditions prevailing in the textile industry during the past three years, the company has had difficulty in meeting its fixed charges and A. O. Dawson, president of the company, indicated at the annual meeting, held on September 21 last, that some arrangements would be made before the next bond interest date which is December 1.

Bondholders are asked to approve a postponement of bond interest payable from December 1, 1932, to June 1, 1934, inclusive; to release the company from the necessity of paying interest and sinking fund in other than Canadian funds and to release the company from sinking fund payments due up to and including June 1, 1936. In return it will be provided that deferred interest will be repaid in Canadian funds in 11 annual installments plus interest at six per cent which would be paid annually starting December 1, 1933. The annual sinking fund payment would be increased from $67,000 to $70,000 commencing June 1, 1937.

Would Get Stock

Further, the trust deed securing the bonds would be modified to provide that if within two years of January 1, 1933, the net current assets of the company should amount to less than $400,000 the company shall be in default while it is also to be provided that no dividends shall be paid on the capital stock until all bond interest has been paid up and sinking fund is no longer in arrears. It is proposed to give 21,170 shares of no par value common stock to bondholders on the basis of one share for each $100 par value of bonds held.

In order to vote at the meeting, bondholders, other than registered bondholders, must deposit their bonds and receive deposit certificates and voting proxies at any of the offices of the Royal Trust Co. in Canada or at the agency of the Bank of Montreal in New York City. The bondholders' meeting will be held at the Royal York Hotel, Toronto, at 11 a.m. on December 19. A special general meeting of shareholders of the company will be held in the Royal York Hotel, Toronto, at 2.30 p.m. on December 19.

Engaged in the spinning and dyeing of worsted and woollen yarns and the weaving of tweeds, velours, cottons, linens and silks, the company has five plants of which two are in Peterborough, and one each in Hespeler, Milton and Orillia. At the end of the last fiscal year, June 30, 1932, the company had outstanding $2,117,000 of six per cent first mortgage sinking fund bonds due 1948, $1,500,000 of six per cent cumulative redeemable preferred stock and 60,000 shares of no par value common stock. Decline in prices of materials in the past three years have caused heavy losses on inventories and interest paid to bondholders on June 1, 1932, was paid by the bank on the guarantee of directors of the company.

Federal Purse Strings Release $300,000,000

Staggering Total of Loans and Guarantees Made by Government in Two Years — Averages $14,000,000 a Month

From Our Own Correspondent

OTTAWA: — Under pressure from all sides, harassed by sectional and political influence, caught in toils not of their own devising, the Bennett government since taking office on August 7, 1930, has been running into debt on account only of loans and guarantees for non-government expenditures at the rate of $14,000,000 per month.

Virtually all of this money is shown in Federal accounts as an active or non-active asset, but the event almost certainly will prove that most if not the whole of it will have to come out of the taxpayer's pockets.

$300,000,000 Spent

All told, in the past twenty seven months the staggering sum of $290,000,000 either has been disbursed in this way from the National treasury, or the honor of the country has been pledged. And this figure does not take into account the extent of the government's guarantee for the purchase of wheat. Mr. Bennett has estimated the possible losses at something over $17,000,000, so that the country has either spent or guaranteed more than $300,000,000 in the financing of undertakings quite outside ordinary business of government.

A return tabled in the Commons last week, in a half dozen pages, told a story of national expenditure of the acceptance of financial responsibility, without parallel in the history of this country.

$37,000,000 to Provinces

More than $37,000,000 have been advanced to the four western provinces. In return the Federal government holds provincial securities bearing interest at between 5¼ and 5⅝ per cent. Interest on these securities is not yet in arrears, so that these advances may properly be set up as assets. It is clearly stated in the return that no part of these advances represents the Dominion's share of unemployment relief expenditures.

The advances have been made for purely provincial purposes— in some cases for purposes of provincial governmental expenditures, in others to finance the provincial share of relief works, to enable the provinces to meet debt maturities which, failing Federal aid, they might not have been able to do.

Here are the details:—

Manitoba	$ 6,183,983.88
Saskatchewan	19,981,303.50
Alberta	5,966,869.91
British Columbia	4,953,621.55
Total	$37,085,778.84

Last March the total advances to these provinces stood at $22,431,923, so that in nine months the Federal government has had to put up nearly $15,000,000. Obviously the demands of the western provinces are increasing, not diminishing, and by the close of this fiscal year, next March 31, it will probably be true that the Federal government will have close to $50,000,000 at stake west of the Great Lakes.

$80,000,000 to C. N. R.

These advances to the west are in the form of cash, not of guarantees. Other cash outlays include:

National railways	$80,316,967.35
Canadian Pacific	1,447,222.71
Total	$81,764,190.06

It may be pointed out that the item charged to the Canadian Pacific represents unemployment relief expenditures. The government made a proposal to both roads, offering certain financial inducements if work were done in advance of actual necessity. Both took the government's offer, and the C.P.R. payment represents the "inducement."

$30,000,000 to Harbors

Then come cash advances to nine harbor commissions. Here, also, the government holds the securities of the commissions which are to yield interest at 5 per cent. They are:—

Chicoutimi	$1,086,000
Halifax	5,639,937
Montreal	3,889,000
New Westminster	231,408
Saint John	7,826,588
Three Rivers	2,231,668
Vancouver	3,104,000
Montreal Harbor Bridge	1,099,000
Quebec	4,608,000
Total	$29,751,599

Cash outlays to the Canadian National Steamships and the Canadian Government Merchant Marine exceed $3,000,000, which are supposed to bear interest at 5 per cent. The National Steamships have got $1,952,238.46 and the Canadian Government Merchant Marine $1,349,192.55.

Then there is the Farm Loan Board which has received a cash advance of $4,098,950. This, too, is supposed to be an asset though the audited statement of the Board published last week indicates that it is not a very fluid one.

Under the heading of guarantees, the National Railways has issued bonds supported by the Government to an amount of $120,000,000. Then in the case of the Beauharnois enterprise the extent of the Government guarantees to the banks is shown at $14,112,000.

These items make a grand total of $290,113,949.35. In addition to these is the guarantee, of undisclosed proportions, given to the Central Selling Agency of the Western Wheat Pools.

STATES CANADA IS BEST BUYER BRITISH WOOLS

President Canadian Wool Producers Addresses Annual Meeting

Canada, in 1931, and so far in 1932, has been Great Britain's best customer for woollen products of all kinds, and because of changes in tariffs, due to the Imperial Economic Conference, Canada will now be an even better customer, according to H. Barrett, president of the Canadian Woollen and Knit Goods Association, who addressed the annual meeting of the association at Toronto, Nov. 16.

Brief on Production

In a brief submitted to the general meeting, increase of production in Canada in the industry was shown:

(000,000 omitted)

	1930	1931	Increase %
Worsted yarns, lbs.	5.6	7.0	25.
Worsted cloth, yds.	1.6	2.0	21.6
Woollen cloth, yds.	3.5	5.3	38.7
Socks, doz. pair	4.0	5.0	25.

Of the 302 mills listed 63 produced woollen yarns, 21 worsted yarns, 47 woollen cloth, 14 worsted cloth, 31 household blankets, five carpets and rugs, five paper makers woven felts, six pressed felts, 70 socks and stockings and 130 knit goods. Of course some of the factories produced two or more of the products listed.

The difference in the scale of wages in Great Britain and Canada, calculated at $4.06 exchange, which was the exchange at the time the report was made, for a full 48-hour week in both cases was, Canadian $15.44, Great Britain $7.43.

Mr. Barrett thought that former heavy importations of woollen goods into Britain, which condition had now been largely corrected by import duties, had placed British makers of woollens in an unsound economic position because it had forced British looms into idleness. This was one phase of the industry discussed at the Imperial Economic conference, and, of the English demands at the conference for lower Canadian tariffs, Mr. Barrett said:

English Contention

"The main contention of the English delegates was that the Canadian mills had so reduced their prices that the Canadian tariff rates were not required; our answer to this was the very sound one that it was only volume production for an assured market which enabled Canadian mills to sell at these extremely low prices and that if production was constantly being disturbed by goods exported to Canada from an industry operating in Great Britain under unsound economic conditions, the Canadian mills could not continue and that prices would have to be increased . . . . We have always said, and it is a fact, that the (Canadian) woollen and knitting industry is so constituted, with its numerous plants widely distributed, which provides keen internal competition, that no advantage can be taken of tariff rates to charge the consumers more than they should be charged."

Scrambled statistics "which certain powerful interests have been thrusting on the public through various mediums" were deprecated by Mr. Barrett, because he thought they were arranged to mislead the public into the opinion that they were paying too much for wearing apparel. He thought it strange to see newspapers publishing on their front pages such misleading information while advertisers were buying space on back pages to tell the public what great bargains were being offered.

Where tariff action had enabled the Canadian industry to supply the home market, a reasonable variety of goods at reasonable prices had been supplied, Mr. Barrett observed.

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Cold Weather Stirs Up Active Retail Demand

Department stores of The T. Eaton Co., Simpsons Ltd., Hudson's Bay Co., and branches of such companies as Holt, Renfrew Co., have found as a result of the recent cold spell a general increase in the last few weeks of the demand for all kinds of winter wearing apparel. In 1931-32 mild winter led to disappointing results for most companies and a long 1932-33 winter would be expected to cause an accelerated demand. At this juncture none can say that the coming winter will be mild or severe, but the general public is working on the hunch that the general law of averages will bring keener weather this year and evinces a desire to forestall cold weather.

Holiday buying is reported in Dun's Weekly Review to be a decided factor in such lines as dry goods, dress accessories, novelty gift items and toys. Radio departments of departmental stores and other dealers report more attention being given to possibilities than a year ago. Sales of winter sporting goods, which last year proved disappointing, are brisk and so has been the demand during the hunting season for guns, ammunition and hunters' equipment. Furniture factories are well occupied in filling orders for low-priced goods, and shoes and rubbers have been in good demand.

This demand in retail establishments is working back in the shape of good orders to textile plants, shoe factories, makers of leather goods and winter hardware. The public is still in a distinctly bargain-hunting mood, however, and close prices are quoted all the way along in most ilnes. Recent pick-up in buying found most retailers unprepared with smaller stocks of seasonable goods than have been proved necessary. They did not want to get caught with too much as they were last year, but in the case of shoes, rubbers and winter goods generally, they have been caught with too little this year.

Chain Food Store Sales Are 10 p.c. Under 1931

Annual Survey Made By Canadian Grocer Estimates Grocery Chains Operate 2,031 Units in Canada With Sales Totalling $86,130,000 in 1932

Company controlled chain stores are running into considerable declines in sales this year as compared with last. This decline is, of course, fairly general as far as the entire grocery trade is concerned, although it is more noticeable in the chains inasmuch as a number of them publish monthly figures. Canadian Grocer estimates that the decline in dollar sales is easily 10 per cent, due in part to reduced purchasing power of the public, also to a large extent on further declines in prices.

Figures compiled by Canadian Grocer within the last month show that in Eastern Canada there were approximately 1,560 units of chain stores in operation this year with a total sales volume around $72,380,000. In Western Canada there have been about 468 units of company owned chains in operation with a total volume estimated at $13,750,000. This makes altogether 2,032 chain stores in Canada doing a total volume this year of $86,130,000. The attached table shows the distribution of this business.

Government figures now being issued demonstrate that in the majority of Canadian cities chain food stores are considerably behind the individually owned stores in the matter of total sales volume. In a few the chains lead. It would appear that the chain business has reached the maximum in a great many of our towns and cities and that the future development will depend largely on populations. From the study made there seems to be little doubt that little relative change in the comparative volume of business done by the chains and independents has taken place in the last two or three years. The chains reached the height of their development in 1929. Since that time the buying groups or voluntary chains have perhaps made the greatest progress.

One of the marked developments in chain operation in recent years has been the addition of new lines. Food stores that carried only grocery products a few years ago are today selling a wide range of cooked and cured meats, fresh meats, fruits and vegetables, bread, bakery products and even motor oil and tulip bulbs. This evolution is a result of the urge on the part of executives to maintain dollar volume as close as possible to that of previous years. If it had not been for these additions to grocery stocks, sales figures would not have looked so well.

When we look back to 1921, the year of the so-called depression following the war, we see a fairly marked contrast with the situation today. At that time chains were developing rapidly. The individual merchants had not been awakened to the need of voluntary chains and aggressive merchandising. They were not on the defensive. Consequently the multiple stores made such rapid headway that a good many of their competitors were literally swept off their feet. But a few years later this situation began to change and the individual stores, realizing they were on the defensive, embarked on an era of aggressive merchandising. Today as stated above they are relatively holding their own with the larger distributors.

Canadian Chain Analysis

As far as chain stores go in Canada, Dominion Stores Ltd. continues to be the largest both in point of numbers and in sales. The business so far this year is down approximately 10 per cent in dollar volume and at that should run between $22,000,000 and $23,000,000. The company this year has adopted the policy of consolidating their stores rather than expanding and in a number of cases small stores have closed and fewer large stores opened to take their place. This concentrates more business under the one roof and enables the company to feature not only groceries but fresh meats and fruits and vegetables. In Ontario, too, it means lower taxes inasmuch as chains this year in that province are being taxed $50 for each unit. With approximately 350 stores in Ontario alone, it means an additional tax this year of around $17,000.

Loblaw Groceterias Co. is perhaps second in point of dollar sales, although the Canadian division of the Atlantic & Pacific Tea Co. does not publish separate figures. There are now 108 Loblaw stores and the volume of business during the present fiscal year should be somewhere above $14,000,000, or a reduction of seven or eight per cent from 1931. This company's fiscal year does not end until May 31 next. It has a large average sale per store, this being in the neighborhood of $140,000 as against approximately $44,000 for Dominion Stores, and $67,000 in the Atlantic & Pacific Tea Co. stores. Loblaws also leads in dollar profit per store, the average being around $10,000 annually.

The Atlantic & Pacific Tea Co. with two Canadian divisions, is now operating close to 300 stores. Of these 161 are in the Ontario division and 135 in Quebec Province. All the Ontario stores are equipped to handle fresh meats and large stocks of fruits and vegetables, whereas some of the Quebec stores sell only groceries and limited stocks of fruits and vegetables.

The T. Eaton Co. continues as the only national chain in Canada and at that does not operate in British Columbia. It has closed out a few stores during the past year. William Carroll Ltd., of Hamilton, is one of the large Ontario chains as far as numbers are concerned, and Stop and Shop is also numerically strong with a total of approximately 110 in Toronto and Montreal districts. Other medium-sized chains include Thrift Stores of Montreal, M. & P., of Windsor, the Guy Stores in Quebec, Haboco in Peterborough, Thomson in Toronto and Sterling in Halifax. But during the past year there has been little or no attempt on the part of any of these to increase their numbers. Most of them have been content with holding their own and some have closed out unprofitable branches.

Situation in the West

In Western Canada Safeway Stores continue to lead with about 140 units. The headquarters of this company have been in Winnipeg, but recent reports indicate that it may be moved in the near future to Vancouver. This concern has built up a big business in Western Canada in both retail and wholesale since it became established a few years ago. Piggly Wiggly is the second largest food chain west of the Great Lakes with 70 in operation. Other substantial Western chains include McBrides Limited, Moose Jaw and Regina; Jenkins Groceterias in Calgary; O.K. Economy Stores in Saskatoon and quite a lengthy list of smaller chains in Vancouver. The total number of units in the West approximates 470 with an estimated volume of $13,750,000.

1932 SALES ESTIMATE OF COMPANY OWNED CHAINS

Ontario and Eastern Canada

(Compiled by Canadian Grocer)

	Approx. No. of Stores	Estimated Sales 1932
Dominion Stores, Toronto and Montreal	567	$22,600,000
Loblaw Groceterias, Toronto	108	14,200,000
Atlantic & Pacific Tea, Montreal, Toronto	296	13,500,000
T. Eaton Company, Toronto, Winnipeg, Montreal	94	5,500,000
Stop and Shop, Toronto, Montreal	111	[illegible]
Wm. Carroll Ltd., Hamilton	115	3,000,000
Thrift Stores, Montreal	69	
M. & P. Stores, Windsor	66	[illegible]
Guy Stores, Quebec, P.Q.	30	600,000
Haboco Stores, Peterborough	12	380,000
Steinbergs Service Stores, Montreal	8	700,000
Corkum & Ritcey, Halifax	8	300,000
Thomson Groceries, Toronto	11	300,000
Sterling Stores, Halifax	12	1,500,000 (Sterling Stores to Fitzpatrick & Geraghty, combined)
Barker's Stores, New Glasgow, Saint John	10	
Sloans Food Stores, Toronto	9	
E. F. Mason Stores, Peterborough	9	
Acadia Stores, Halifax	8	
Yerxas Limited, Wolfville, N.S.	8	
Powell & Co., Dundas, Ont.	7	
Fitzpatrick & Geraghty, Peterborough	5	
	1,563	$72,380,000

Western Canada

	Approx. No. of Stores	Estimated Sales 1932
Safeway Stores, Winnipeg, Vancouver	140	$5,000,000
Piggly Wiggly, Winnipeg, Vancouver	70	2,300,000
McBrides Limited, Moose Jaw	50	1,300,000
O. K. Economy Stores, Saskatoon	36	1,000,000
Jenkins Groceterias, Calgary	49	1,200,000
Overwaitea Limited, Vancouver	24	500,000
Neal Stores Limited, Winnipeg	22	500,000
B. & K. Economy Stores, Vancouver	12	1,950,000 (B. & K. Economy Stores to Harry Tait Groceterias, combined)
Pay'n Takit, Vancouver	10	
London Grocery & Provision, Vancouver	10	
A. F. Wilbee & Co., Vancouver	10	
Libin Stores, Calgary	8	
Gust Stores, Medicine Hat	7	
Curry's Groceries, Vancouver	5	
Wallace Marketerias, Vancouver	5	
Leonard Batchelor, Victoria	5	
Harry Tait Groceterias, Edmonton	5	
Total Western Canada	468	$13,750,000
Total Eastern Canada	1,563	72,380,000
Grand Total	2,031	$86,130,000

Prospectors Airways Approve McWatters Deal

At a special general meeting of shareholders of Prospectors Airways Co. held in Toronto November 22, 1932, approval was given for the formation of the company's subsidiary, the McWatters Gold Mines, and to the financing arrangements made.

A contract has been let for an extensive diamond drilling programme on the property and it is expected the first part of this campaign will be completed in about a month's time, officials stated. The vein has now been opened up for a length of about 336 feet, with trenching being done both east and west of the main showing. This rich zone, the meeting was told, gave an average assay in gold of over $100 over an average width of 9.2 feet and length of 52 feet.

Sylvanite Bonus Brings 1932 Payments to 5 Cents

Directors of Sylvanite Gold Mines declared, in addition to the regular semi-annual dividend of two cents per share in United States funds, a bonus of one-half cent per share, both payable on December 31, 1932, to shareholders of record November 30.

This will make the total disbursements for the year five cents per share calling for the distribution of $164,975.

Wide Market for Canadian Apples

Exports of Canadian apples this season up to the end of October total nearly 450,000 barrels. All but 2,000 barrels went to Great Britain.

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IMPERIAL BANK OF CANADA

58th ANNUAL STATEMENT

Year Ending October 31st, 1932

Profit and Loss Account

Dividends to Shareholders	$ 805,000.00	Balance at credit of account Oct. 31st, 1931, brought forward	$ 761,908.50
Contribution to Officers' Guarantee Fund	7,500.00	Profits for the year ended 31st October, 1932, after deducting charges of management, auditors' fees and interest due depositors, and after making full provision for bad and doubtful debts and for rebate on bills under discount	1,205,335.01
Contribution to Officers' Pension Fund as per By-law No. 33	40,000.00		
Written off Bank Premises	250,000.00		
Provision for depreciation in Securities	150,000.00		
Dominion Government and other Taxes	170,000.00		
Balance of Account carried forward	544,743.51		
	$1,967,243.51		$1,967,243.51

BALANCE SHEET

Liabilities

Notes of the Bank in Circulation		$ 8,021,343.00
Deposits not bearing interest	$16,384,815.86	
Deposits bearing interest, including interest accrued to date of Statement	83,327,715.94	
		99,712,531.80
Balances due to other Banks in Canada	$ 2,205,653.84	
Due to Banks and Banking Correspondents in the United Kingdom	199,369.97	
Due to Banks elsewhere than in Canada and the United Kingdom	1,447,530.45	
Letters of Credit Outstanding	484,705.86	
		4,337,260.12
Total Liabilities to the Public		$112,071,134.92
Capital Stock paid in	$ 7,000,000.00	
Reserve Fund Account	8,000,000.00	
Dividend No. 169 (payable 1st November, 1932) for three months at the rate of 10% per annum	175,000.00	
Unclaimed Dividends	1,787.25	
Balance of Profit and Loss Account carried forward	544,743.51	
		15,721,530.76
		$127,792,665.68

Assets

Current Coin held by the Bank	$ 445,560.66	
Dominion Government Notes	7,918,051.00	
United States and other Foreign Currencies	15,630.78	
		$ 8,379,242.44
Deposit in the Central Gold Reserve		1,100,866.66
Deposit with the Minister for the purpose of the Circulation Fund		430,504.86
Notes of other Banks		535,460.00
Cheques on other Banks		5,289,407.41
Balances due by other Banks in Canada		662,923.74
Due from Banks and Banking Correspondents in the United Kingdom		2,007,531.45
Due from Banks and Banking Correspondents, elsewhere than in Canada and the United Kingdom		1,269,441.91
		$ 19,675,378.47
Dominion and Provincial Government Securities not exceeding market value	$19,675,338.60	
Canadian Municipal Securities and British, Foreign and Colonial Public Securities other than Canadian, not exceeding market value	5,704,437.10	
Railway and other Bonds, Debentures and Stocks not exceeding market value	169,591.87	
		25,549,367.57
Loans to Provincial Governments	$ 3,075,762.05	
Loans to Cities, Towns, Municipalities and School Districts	9,190,393.06	
Call and Short (not exceeding thirty days) Loans in Canada on Stocks, Debentures and Bonds, and other Securities of a sufficient marketable value to cover	5,385,727.39	
		17,651,882.50
Other Current Loans and Discounts in Canada (less rebate of interest), after making full provision for all bad and doubtful debts		57,467,654.16
Non-Current Loans, estimated loss provided for		220,953.49
Real Estate other than Bank premises		158,133.53
Mortgages on Real Estate sold by the Bank		471,464.45
Bank Premises, at not more than cost, less amounts written off		6,000,000.00
Liabilities of Customers under Letters of Credit as per contra		484,705.86
Other Assets not included in the foregoing		113,125.65
		$127,792,665.68

FRANK A. ROLPH, *President.*

A. E. PHIPPS, *General Manager*

AUDITOR'S REPORT TO SHAREHOLDERS.

We report to the Shareholders of the Imperial Bank of Canada:—

That we have examined the above Balance Sheet as at October 31st, 1932, and compared it with the books and vouchers at Head Office and with the certified returns from the Branches. We have obtained all the information and explanations that we have required, and in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank.

In our opinion the Balance Sheet discloses the true condition of the Bank, and is as shown by the books of the Bank.

The above Balance Sheet does not include money which has been set aside by the Shareholders from time to time for the purpose of a Pension Fund.

A. B. SHEPHERD, C.A., of Peat, Marwick, Mitchell & Co.

W. D. GLENDINNING, C.A., of Riddell, Stead, Graham & Hutchison

Toronto, November 17th, 1932.

Utilities and Transportation

Canadian Pacific Head Wants Federal Guarantee Before Accepting Board

Beatty Condemns Clause Covering Arbitral Board

REVISE LEGISLATION

Details as to Form of Proposed Guarantee Not Set Forth in Statement

From Our Own Correspondent

MONTREAL.—State guarantee of a return on its capital investment in return for accepting the arbitral board proposed by the Duff Commision was the proposal put forward by E. W. Beatty, chairman and president of the Canadian Pacific Railway, when he appeared before the Senate committee on railways which is dealing with the railway legislation to implement the Duff report.

The original form of the railway bill is generally regarded as containing a number of flaws and by the time it is finally passed will have been very largely re-written. Mr. Beatty had criticism to offer on certain features of the legislation and particularly condemned the feature relating to the compulsory arbitration.

Want Guaranteed Protection

If parliament insisted upon enacting the clause, Mr. Beatty suggested that an agreement should be entered into between the government and the Canadian Pacific Railway for a period of years. By means of this agreement, the company would consent to accept this form of administration, but, because of the relinquishment of control of its own property, he proposed that it should be guaranteed protection to the holders of its securities and shares.

No concrete plan as to the form which protection should take was put forward by Mr. Beatty, whose statement to the committee reads in part as follows:

"During the 50 years of its existence the company's undertaking has expanded with the growth of the country until its property investment now represents more than $1,000,000,000, held by not less than 180,000 share and security holders, over 50,000 of whom are Canadians. Since 1902 the company has issued $270,000,000 ordinary capital stock at an average premium of 42 per cent, receiving therefore $382,616,000 all without expense to the Dominion, direct or indirect.

Return of 3.53 per cent

"At the average price, a dividend of 5 per cent yields a return of only 3.53 per cent to the shareholders on their investment. It is my submission to your committee that the magnitude of their undertaking and its importance to the country entitle them to consideration in any legislative measure affecting their control of their property.

"They have provided Canada with a transportation service on land and sea that is unexcelled in the world, and there is no part of her settled territory and no phase of her commercial life and welfare that is not touched by the operations of the company and concerned in the continued success of its enterprise. As the Royal Commission has said, the company is Canada's largest taxpayer. Its tax bill during the last ten years averaged more than $7,000,000 per annum, and since its incorporation it has paid upward of $116,000,000 in taxes. During the last fifteen years it has contributed to the Federal exchequer the sum of $25,500,000. As a citizen it has contributed its full share to institutions of a public nature for the advancement of social and commercial welfare.

"During the war it was able to advance or guarantee to the Empire cause more than $100,000,000, and to furnish the means of transportation for approximately 1,000,000 soldiers and 4,000,000 tons of war supplies. Since its inception it has been the foremost agency in Canada in the work of colonization, immigration and the development of natural resources, expending for that purpose more than $100,000,000—a sum greater than that expended by the Dominion Government on similar work over the same period.

Contribution to State

"It has settled more than 30,000,000 acres of land in the Western Provinces, and has been the instrument of bringing millions of dollars of foreign capital to Canada for the development of its mines, timber and other resources, and for the establishment of new industries. Coming down to more recent years, during the period 1930-31 the company, at the request of the Government, anticipated works of construction not immediately necessary and has spent $15,800,000 with the approval of its directors and shareholders in works of this nature in order to improve unemployment conditions.

Competition and Co-operation

"The commission has found that the identity of each of the two railways shall be maintained, that there shall be the maximum of co-operation, but, at the same time, competition shall be maintained. It will tax the ingenuity of any board of trustees or board of directors to reconcile competition and co-operation. The best results under this hybrid form of administration can only be secured by the maximum of goodwill on the part of the administrators of the two properties, and more can be secured through friendly joint efforts than through a tribunal having the duties of arbitrators. The very fact that a higher authority exists will tend to relax these efforts by weakening responsibility.

"I urge this in the interest of both companies. And it is a peculiar commentary on the logic of the commission's findings when we read that consolidation for the purpose of administration is rejected because it would put too great a power in the hands of a few men. This menace, in their judgment, is overcome by putting it into the hands of one man.

Against Compulsory Arbitration

"Against the principle of compulsory arbitration embodied in part III of the bill the company must enter its most vigorous protest. An examination of the subjects enumerated in Section 19 will show that the jurisdiction of the arbitral tribunals embraces matters of so great importance as to amount to virtual control in all major branches of its undertakings. Take alone the subject of joint terminals and the pooling of traffic. The former are the nerve centres of railway operations, and the latter involve the whole benefits received from such operations. It is to be open to either party to propose measures involving these vital matters, and, if agreement is not reached, both the principle of the proposal and the terms on which it is to be carried out are to be left to arbitration.

"It will be noted that every one of the subjects involve questions of policy, questions of administration, and underlying both of those, questions of finance, and, for that reason, they are in my submission, not fit and proper to be determined by arbitration. The company welcomes the suggestion of voluntary agreement as to such matters. They are quite properly the subject of voluntary co-operation, but the company is startled by the suggestion that they may be forced upon it by an authority not responsible to its shareholders. Control by a tribunal constituted as proposed should not be imposed upon any privately owned railway company operating in competition with the Government Railways.

"The sweeping character of the arbitration feature of the bill is shown by the provisions of Section 17, which declares that it is to extend to all disputes between the two companies. Probably this expression was intended as incidental to the measures of co-operation enumerated in Section 19, but, in any case, it opens up a very wide field of jurisdiction.

Divested of Control

"As to the arbitral tribunals, it will be observed that whether they consist of three or five members, the Canadian Pacific is in every case to have a voice in the appointment of only one member of the board. In the last analysis, therefore, the company will be completely divested of control of its property in favor of an outside authority. I cannot too strongly urge upon you the serious nature of this feature of the bill, as well from the standpoint of public policy as to the rights and interests of the shareholders of the Canadian Pacific.

"To control of its undertaking as provided by the existing statutory law, the company takes no exception. Regulations through the Board of Railway Commissioners and the control of rates, facilities and services in the interest of the public is a proper subject of legislation, but Part III of the proposed bill is a very different matter.

C. P. R. Wants Agreement

"If it be the view of Parliament that co-operation shall be controlled and directed by another and independent tribunal, whose decisions shall be final and binding on the Canadian Pacific, then I would suggest, for your consideration, that the Government of Canada and the Canadian Pacific should enter into an agreement for a period of years by which the company would agree to this form of administration upon receiving protection to the holders of its securities and to shares; that consideration being given because of the relinquishment of the control of their own property during the term of such agreement."

Great Lakes Paper Out of the Market

From Our Own Correspondent

MONTREAL. — Great Lakes Paper Co., one of the Backus-Brooks companies in receivership and managed by the National Trust Co., announces that it "has reached the objective in tonnage which it set at the commencement of the present contracting season and, therefore, is now off the market until next season and must withdraw all outstanding quotations."

Plant of this company is located at Fort William and its official rated capacity is 314 tons of newsprint daily. There is no indication of the "objective" of the managers.

This is the only newsprint manufacturing company in Canada, however, that has all the business it wants. The majority have been on a lean diet for a long time.

CANADIAN PULP EXPORTS TO U. S. DROP THIS YEAR

Decline is Greater Than Average Falling Off in Needs

From Our Own Correspondent

MONTREAL. — United States imports of pulp fell away 10 per cent during the first nine months of 1932 in comparison with the same period last year, while Canada's sales of pulp in that market at the same time declined nearly 25 per cent.

Trade returns prepared by the United States Department of Commerce and reported by the Newsprint Service Bureau show that imports of pulp into the country between January and September this year amounted to $1,106,803 tons, as against 992,655 tons for the same nine months of 1931, a drop of 114,148 tons.

Canada marketed 288,693 tons of pulp in the States during the first three-quarters of 1932. In the same period last year, however, sales amounted to 383,512, so that trade this year has shown a falling off of 94,819 tons.

Sulphite Takes Lead

Itemized returns show that the largest decline in demand took place in Canadian sulphite pulp. In this category the Dominion shipped to the United States 171,274 tons, a decrease of about 61,000 tons from the 1931 figures.

Sulphate pulp shipments during this period dropped from 26,709 to 14,513 tons.

Decline in the American production of lower grades of paper is reflected in smaller purchases of Canadian groundwood pulp. In this class Canada shipped across the border 102,906 tons during the first nine months of this year. For the same period in 1931 exports amounted to 124,576 tons.

B. C. Power Earnings Off Again in October

From Our Own Correspondent

MONTREAL.—Further declines in gross and net operating income is reported by British Columbia Power Corp. for October last. During the month income totalled $1,087,020 as against $1,188,926 for October, 1931. Operating expenses were cut $20,264, leaving net operating revenue at $334,256, or $81,642 less than that reported a year ago.

Cumulative returns for the four months ended October 1932 show a gross revenue of $4,259,909 and operating expenses $2,587,291, leaving a net income of $1,672,618. For the corresponding period of 1931 gross revenue amounted to $4,725,140 and operating expenses $2,798,443, making net earnings $1,926,697, or $254,079 more than that reported this year.

West Kootenay Power Interest Well Covered

From Our Own Correspondent

MONTREAL.—Some confusion appears to have arisen regarding a recent article stating that earnings of West Kootenay Power Co. continue to record a margin over bond interest requirements despite the fact that earnings are well below levels of last year. It is pointed out that in the first nine months of this year bond interest needs have been covered three and a half times over before depreciation and taxes.

In 1931 earnings were sufficient to cover interest needs 3.81 times after all charges.

Southern Canada Power Net Higher in October

From Our Own Correspondent

MONTREAL. — Southern Canada Power Co. reports gross earnings during October—the first month of the current fiscal year—of $187,602. This was a decrease of $8,761 compared with the same month last year. Operating expenses, however, were cut from $76,555 to $63,124, leaving net operating income at $124,478, or an increase of $7,670 over October a year ago.

Public Utility Earnings

British Columbia Power

	1932	1931
October:	$	$
Gross earnings	1,087,020	1,188,926
Operating exps.	752,764	773,028
Net earnings	334,256	415,898
Four mos. ending Oct. 31:		
Gross earnings	4,259,909	4,725,140
Operating exps.	2,587,291	2,798,443
Net earnings	1,672,618	1,926,697

Southern Canada Power

	1932	1931	Decrease
October	$	$	$
Gross earn...	187,602	193,363	5,761
Oper. exps...	63,124	76,555	13,431
Net earn. ..	124,478	116,808	*7,670

* Increase.

Can. Western Natural Gas

	1931	1932	Increase
	$	$	$
January	262,102	296,751	34,649
February ...	226,842	338,591	111,749
March	232,102	287,945	55,843
April	214,889	205,967	*8,922
May	124,260	126,078	1,818
June	84,419	85,155	736
July	67,405	58,586	*8,819
August	59,367	55,502	*3,865
September ..	80,883	74,297	*6,586
Aggre. from 1st Jan. to 30th Sept.	1,352,269	1,528,872	176,603

*Decrease.

East Kootenay Power

	1932	1931
September—		
Gross earnings ...	$38,147	$40,239
Oper. expenses ...	11,913	12,935
Net earnings	$26,234	$27,304
6 Mos. End. Sept. 30—	1932	1931
Gross earnings	$217,760	$250,053
Oper. expenses ...	68,395	88,951
Net earnings	$149,365	$161,102

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84R

17,000 Miles of Track Fail to Pay Their Way

Wholesale Abandonment of Vast Stretches of Railroad in Canada is Justified on Economic Grounds, Duff Commissioners Told

By F. S. C.

The Royal Commission on Railways and Transportation, in its report, made it very clear that there are enormous mileages of railway in Canada on which the traffic is insufficient to pay the traditional axle grease but it contributed no useful suggestions for withdrawing any of this comparatively useless mileage from operation. No doubt the members of the commission felt that if their plan for an arbitral tribunal to enforce co-operation between the railways were to be adopted, the two railways would, between themselves, create better recommendations than the commission itself could have done.

The low traffic density of so many railway lines in Canada is the product largely of competitive construction, leading to uneconomic duplication, and of course to adventuresome investment at the behest of contractors and financiers.

Some of the Early National Duplication Eliminated

The Duff report points out that some of the duplication of mileage was due to the fact that the various railways comprising the National System had been originally constructed as competitive systems.

It has been possible, since the consolidation of the Canadian National System in 1923, to eliminate a certain amount of this kind of duplicated mileage. A war requirement for rails and track material first pointed the way to this possibility when, in 1917, rails were lifted from one or other of the Canadian Northern and Grand Trunk Pacific lines which paralelled one another so closely between Edmonton and Red Pass Junction in the Rocky Mountains. As a result of war necessities, these two lines were unified for a distance of 213 miles. Subsequently 144 miles of Canadian Northern track were lifted between Napanee and Toronto, where the Grand Trunk Railway had been the pioneer road, only to find its territory invaded by the Canadian Northern and then by the Canadian Pacific Lake Shore line. But of this type of duplication considerable still remains.

Another group of duplicated main lines and branches comprises the directly competitive sections of the two principal systems which, because of unwise rivalry and lack of co-operative spirit, were separately constructed, "whereas joint construction and operation, or agreement as to running rights over lines already constructed, would have served all necessary requirements and prevented much waste of public and private funds."

Low Traffic Density is Result

This vast excess mileage has been responsible for an exceedingly low traffic density on a large part of the Canadian railway systems.

Commissioner L. L. Loree, president of the Delaware and Hudson Railroad, contributed to the Duff report, a study of traffic density on Canadian railroads that makes anything but easy reading for the non-technical man, but that is nevertheless one of the most valuable features of the report.

His report divides all Canadian railway mileage into three categories—heavy traffic, medium traffic and light traffic. Eliminating entirely any references to the methods of statistical analysis and definition employed these essential facts are revealed:

In Canada only ten per cent of the railway mileage is included in the heavy traffic divisions. So heavy is the traffic on these divisions that they contribute half of all the ton-miles of freight annually.

About 50 per cent of the mileage is in the medium traffic divisions.

The heavy and medium traffic divisions may be regarded as, generally speaking, the economic railway tracks of Canada, justifying their existence. The C. P. R. has a somewhat better percentage of this economic mileage on its system than has the C. N. R. This economic mileage comprises about 60 per cent of the total and carries 95 per cent of the total traffic measured in ton miles.

The third class of mileage is labelled light traffic and the Duff report cautiously avers that "in the United States, the right to exist, when tested by economic experience, of all railway mileage in the third group is under challenge." These light traffic divisions constitute 40 per cent of the total mileage and handle five per cent of the traffic.

Thus there are in Canada 17,658 of miles of railway that can not justify their continuance in operation on the primary economic test and, baring other reasons for continued operation, should be abandoned entirely.

Canada's Uneconomic Railway Mileage

The test of traffic density is not final, but the roadway that would have to be abandoned if it were universally applied would be as follows:

By Districts

	Miles	Percentage of total tracks
Atlantic Coast to Levis	3.161	60.5
Quebec to Detroit and Sudbury	3,899	35.
Detroit and Sudbury to Port Arthur	144	6.5
Port Arthur to Calgary and Edmonton	7,203	41.
Calgary and Edmonton to Pacific Coast	3,251	55.
	17,658	42.

By Roads

	Miles	Percentage of total tracks
Canadian National	9,245	43.
Canadian Pacific	6,053	37.
Other railways	2,360	58.
	17,658	42.

There is a strong prima facie case in these figures for track abandonment on a wholesale scale in the interests of economy. The C. P. R. made proposals and the C. N. R. made proposals, the former railway going much further than the government line.

Beatty's Plan Most Comprehensive

Canadian Pacific placed before the Commission a plan for the abandonment of certain sections of railway involving several thousand miles of track. In each case an alternative routing was indicated. Among the lines which would be dispensed with under such a plan were many short sections of both railways in all parts of the Dominion which, conceivably, might be abandoned and running rights scored over one or other of the two systems.

The Canadian National analyzed the local and general features of certain suggested abandonments emphasizing the following considerations:

Relative operating merits of the alternative lines as through routes.

Traffic carrying capacity of the remaining through routes.

The natural resources tributary to the section proposed to be abandoned.

The extent of settlement tributary to the section.

The wealth production tributary to the section.

Railway economy resulting from the abandonment.

Cost of alternative highway transportation facilities if feasible.

Compensatory cost to industries and settlers for severance of communication.

As a result of this analysis the Canadian National was of the opinion that abandonment of railway lines in Canada should be limited to the elimination of duplicating lines which closely parallel each other, and that wholesale abandonment of lines and duplicative through routes would be false economy. While in their judgment wholesale abandonments would not go far towards improving the financial picture of the railways of Canada as a whole, they stated that some savings could be effected by concentrating all the trough business on the most suitably located and economically operated route.

No Local Considerations of Importance

The Canadian Pacific stated that if we are to adjust our transportation facilities to the reasonable requirements of a nation or less than eleven million people, some lines will have to be discarded ,and it only remains to select those that can be sacrificed with a minimum disturbance to trade and with the least hardship to individuals. When any section of line has been in operation for a period of years, even though it traverse what is virtually a wilderness, it could not be eliminated without inconvenience to some. It has been their experience that individuals and industries have been prone to establish themselves at points remote from markets, and then expect railway services and railway rates to correct their geographical disability. Every new railway has, seemingly, been a challenge to the adventurous, and has usually led to the injudicious multiplication of industrial plants, and very often to the cultivation of inferior land.

This is the fourth of a series of articles discussing various aspects of the Duff railway report.

Halifax Shipyards Ltd. Secure Large Contract

From Our Own Correspondent

MONTREAL. — Halifax Shipyards Ltd., subsidiary of Dominion Steel and Coal Corp., has received a contract for the overhauling and repair of the Canadian National Railways car ferry "Scotia 1." In other years this work has been done at Saint John or Quebec.

When the car ferry has been placed in the drydock an examination will be made to determine the life of the boat. The extent of the work to be done on the ferry will depend upon the results of the examination.

Meanwhile the Halifax Shipyards is working on the C. N. S. Prince Henry, which liner is undergoing extensive repairs. There is another six weeks' work on this vessel.

Nova Scotia Steel Holds Annual Meet

From Our Own Correspondent

MONTREAL.—Annual meetings of the Nova Scotia Steel and Coal Co. and Eastern Car Co., controlled by Dominion Steel and Coal Co. were held in Halifax this month. Only routine matters came before the meeting and the following directors were elected: Sen. C. P. Beaubien, Outremont; Col. Thos. Cantley, M.P., New Glasgow; J. P. P. Casgrain, M.P., Sir Herbert Holt, Sir Charles Gordon, Montreal; H. J .Kelly, Sydney; G. H. Duggan, Montreal; Sir Newton Moore, president Dominion Steel & Coal Corp.; Jos. A. Kilpatric, C. B. McNaught, G. H. Montgomery, K.C., Montreal; C. J. Butchell, K.C., Halifax; Sen. L. C. Webster, Westmount; George F. Downs, New York; C. S. Cameron, Montreal; F. W. Ross, Quebec; J. H. Gundy, Toronto.

These meetings were scheduled on the last Wednesday of March, 1932, in order to consider the reports for 1931. Owing to a lack of a quorum the meetings were delayed until this month.

Canadian Airways Given Maritime Mail Contract

From Our Own Correspondent

MONTREAL. — Canadian Airways has been awarded a contract for operation of a winter mail service between Moncton and Prince Edward Island. The company has been servicing this route during the summer but not under government contract; the mail service has commenced nearly two months earlier than was the case last year.

SHERWIN PAINT EARNINGS SHOW WIDE DECLINE

Report Shows Deficit Before Payment of Dividends

From Our Own Correspondent

MONTREAL.—Net earnings of Sherwin-Wiliams Co. of Canada in the fiscal year ended August 31, 1932, totalled $74,167 compared with $388,470 in the previous year. After provision for depreciation, pensions and income tax there remained a deficit of $46,621. In the previous year, there was a net profit of $158,951 after charges which included a write-off of $92,917 for depreciation of securitiies.

During the year regular dividends on the preferred were maintained but disbursements on the common totalled 80 cents a share against $1.70 a share in the previous year. After these payments there was a deficit of $448,621 against a deficit of $423,249 in the preceding period.

Profit and Loss Figures

Following are details of profit and loss for the past two years ended August 31:

	1932	1931
	$	$
Net earnings	74,167	388,470
Less:		
Depreciation	91,656	100,308
Pensions	26,557	21,146
Income Tax	2,375	15,148
Invest. dep.	....	92,917
Net Profits	46,621*	158,951
Less:		
Preferred dvds. .	242,200	242,200
Common dvds. ..	160,000	340,000
Surplus for year ..	448,621*	423,249*
Add. Prev. Surp. .	4,169,606	4,592,856
Bal. forward	3,720,985	4,169,607

*Deficit.

Working Capital

	1932	1931
Current Assets ..	4,328,576	4,882,102
Current Liabilities	758,618	654,653
Working Capital	3,569,958	4,227,449

Cash is Lower

Balance sheet shows cash down $319,000 at $418,796; inventories down $252,000 at $1,714,582 and receivables down $68,000 at 1,515,583. Marketable securities with a cost value of $807,348 have been written down by $158,733 to $648,615. Market value was $497,122. Mortgages receivable of $31,000 make their first appearance.

Investments in capital stocks of associated companies are virtually unchanged at $539,265. Property account, which includes trade marks and goodwill, totals $9,323,264, a reduction of $8,000.

In liabilities bank loans of $150,000 make their first appearance for some years. Payables are down nearly 50 per cent at $341,764 and a former deferred balance of $291,156 payable to Carter White Lead Co. is now shown as a current account totalling $266,854. Depreciation reserve totals $2,275,662 and pension fund is unchanged at $20,000.

In his remarks to shareholders George A. Martin, president of the company, stated that though additional economies had been effected during the year earnings had been reduced and sales had suffered as a result of difficult business conditions. He felt, however, that the popularity and consumer acceptance of the company's products had been fully maintained.

Dominion Steel Starts Operations at Sydney

From Our Own Correspondent

MONTREAL. — Operations have been resumed at the Sydney rail mill of the Dominion Steel and Coal Corp., an order having been received for 15,000 tons of rail for the Canadian National Railways. The working force at the plant has been increased from 600 to approximately 1,400 men.

The plant will also turn out from 10,000 to 12,000 tons of soft steel ingots, which will be used for mill requirements later, according to Sir Newton Moore, president of the corporation. The rail order is expected to keep the mill busy until the end of the year, and local opinion holds to the belief that the plant will be operated during the winter months.

Dominion Rubber Co. Winding Up Two Units

From Our Own Correspondent

MONTREAL. — Steps have been taken by the Dominion Rubber Co. to wind up two of its subsidiaries — Granby Rubber Co. and Merchants Rubber Co. The former is located at Granby, P.Q., and the latter at Kitchener, Ont. Both of these concerns have been inoperative for several years.

These subsidiaries are wholly-owned by the parent company.

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Here are six reasons:

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5½% per annum upon $100 or more for 12 months or longer up to 5 years.

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M. Aylsworth, General Manager

FOUR LINERS MOVED TO HALIFAX-ST. JOHN

Effect of British Preference Seen in Cunard Action

Three Cunard Line ships and one Anchor-Donaldson Line ship, all of which formerly operated between New York and the Channel ports to Glasgow, will be withdrawn from New York this winter and will be operated from Halifax and Saint John in order to obtain Empire preferences for shippers on cargoes moving directly between Empire ports under the recently executed Ottawa Conference agreements.

This is the first visible effect of the altered Empire policies on New York shipping. Shipping and elevator men in the grain trade in the U. S. have been expecting some loss of business in handling of Canadian products for some weeks, and this is thought to be an early indication of the trend.

The Cunard liners Ascania, Ausonia and Alaunia will operate from the two maritime ports this winter when the Montreal and Quebec ports are closed instead of from New York as in past winters. The Anchor-Donaldson liner Letitia will make three round trips between Halifax, Saint John and Glasgow during the winter. Her sister ship the Athenia will be laid up for the winter.

The four liners represent a total tonnage of 55,500 tons including facilities for transport of refrigerated cargo and freight as well as passengers.

Algoma Steel Coke Situation is Discussed

From Our Own Correspondent

MONTREAL.—Differences of opinion exist on the means used to transport Algoma Steel Corp. coke to the Winnipeg market. Following upon representations by J. S. Woodsworth in the House of Commons, the Minister of Mines stated that officers of his department would be instructed to investigate the complaint emanating from Winnipeg to the effect that the Canadian Pacific Railway were being forced to carry Sault coke over United States railways in bond to Winnipeg and that the docks at Fort William were closed to that commodity.

Denials of this alleged situation come from several sources. The manager of the Pacific Coal Co. at Fort William, states that the local coal docks had always handled Sault coke and, furthermore, had offered to service all the coke that Algoma Steel wished to ship west.

On top of this J. W. Gemmell, vice-president of Algoma Steel, is quoted as saying that all western coke shipments made by the company this year have gone by boat to Fort William.

St. John's Harbor Busy as Schooners Arrive

Latest reports from St. John's, Newfoundland indicate considerable activity as a result of the arrival of fishing schooners from the outposts with their cargoes of fish. Both retail and wholesale trade have been active as a result with improved payment of accounts and more optimism among merchants.

Detailed information on the year's catch is lacking as yet but returns early in the month seemed to indicate that quality is not as high as was originally thought, and that the catch as a whole is not as much greater than that of last year as was anticipated.

An important announcement early in the month was the passing of an order-in-council by the dominion government permitting the fishing of salmon in the Saint John harbor from November 1 to December 31. The regular salmon season closed on August 15. This is the first time on record that the federal authorities have permitted winter salmon fishing, and it is hoped that the catches will prove profitable.

"A Central Bank for Canada"

An opportunity for every good citizen to inform himself on one of the vital issues of to-day

IS CANADA'S banking system antiquated and does it need to be revitalized by a central bank? Or is Canada's wonderful record of no bank failures in this, the greatest depression in history, proof that we do not need any such radical change in our banking system?

This is one of the big questions of the hour in Canada. Fiercely is it being debated in and out of Parliament. Most of the debate is carried on by those who have no adequate conception of their subject.

Recently The Financial Post published a series of articles on "A Central Bank for Canada" that made clear all the essential facts about central banking, and its possible application in Canada. It was a simple statement of the pro's and con's written for the average business man reader.

These articles were written by a recognized student of the problem, A. F. W. Plumptre, lecturer in money at the University of Toronto.

These articles have now been published in a small paper-covered book. Copies may be obtained at the nominal cost of, each, 25c.

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News of Investment Markets

CANADIAN BOND PRICES DECLINE AT RAPID RATE

Has Profound Effect on Market for New Issues—Demand is Small

INVESTORS WAIT

Domestic and International Developments Are Cause—New Loan Sells Off Substantially

Developments of the past week have profoundly affected Canadian high-grade bond prices which have depreciated in price to a degree not experienced since April, 1932. In the five days ended November 22 seven high grade Canadian bonds averaged a loss sufficient to increase the average yield from 4.59 per cent to 4.75 per cent. The Canadian bond market is practically at a standstill with practically no volume of buying and dealers are unwilling to make commitments in face of uncertain conditions in the immediate future.

Much of the decline in Canadian bond prices is due to the increasing discount on the Canadian dollar in terms of New York funds and the cessation of New York buying of Canadian issues. United States investors are selling Canadian issues rather than buying and this depresses the market for such issues in New York. Canadian institutional investors have filled their requirements during the recent Dominion loan and buying from this source is not sufficient to support the market. The new Dominion 4 per cent bonds due 1952, which were offered at 93.45, are now selling retail at approximately 90¾.

American investors were not impressed with the result of the Dominion Loan and are awaiting the results of the Dominion's inflationary policy. Losses sustained by the Government in supporting wheat and a prospective deficit in the Federal treasury of over $130,000,000 in the current fiscal year have been additional causes for lack of confidence which may take some months to overcome. In addition to domestic problems there is the war debt situation which is coming to a head and large investors are playing safe.

The effect of prevailing conditions on Canadian bond prices is evident in the following comparison of street bids on premier Canadian issues:

Issue	Nov. 22	Nov. 15	Nov. 8
Dom. of Canada			
4½'s, Feb. 1, 1946	96	98.1	97¾
4½'s, Nov. 1, '49-'59	95½	99¼	98¾
5's, Oct. 15, 1943	100	101.85	101½
*5's, Mar. 1, 1937	112½	112½	112
C.N.R., Dom. Gtd.			
*4½'s, Sept. 1, 1951	94¾	98	97¾
5's, Feb. 1, 1954	99½	101¼	101¼
*4½'s, Dec. 1, 1968	94⅝	97⅝	97½
Ontario:			
*4½'s, Sept. 1, 1944	100	101½	99½
*5's, Dec. 2, 1960	102	105	104½
5½'s, July 1, 1946	103½	105	104¾

*Bonds payable in New York funds.

The substantial decline in prices during the past week imposes a heavy burden on provinces and municipalities that have been waiting the conclusion of the Dominion financing before funding bank loans. If price declines continue it is not impossible for conditions in the bond market to revert to the situation existing six months ago. Dealers, at the present time, are showing no inclination to make firm bids on municipal bond issues and the few that are being offered are being taken on an option basis.

Several of the provinces could use money and will borrow as soon as conditions warrant if not before. British Columbia has an issue of $4,015,000 maturing in New York funds on December 15, while Manitoba has an issue of $6,158,000 maturing on the same date. Ontario has some comparatively small serial maturities coming due which could probably be handled without refunding but it is not improbable that an Ontario loan is in the offing. Quebec has remained out of the market this year but the financing of that province would not be difficult in view of its strong credit position which would enable it to borrow money at a lower cost than even the Dominion Government. Should the various provinces, exclusive of Quebec, find it necessary to borrow in the immediate future it is probable that yields will be around 6 per cent for the western provinces and 5 per cent for Ontario.

Government Will Spend Million on B. C. Pier

VANCOUVER.—One million dollars will be spent by the federal government on extension of the Lapointe pier in Vancouver, according to advices to the harbor board from Ottawa. The money has been authorized by the federal government and will be paid through the harbor board.

Lapointe pier is being extended by 300 feet and additional storage trackage for 250 cars will be provided on the old Hastings mill site.

Cigarette Sales Swing Upwards

From Our Own Correspondent

MONTREAL. — Increased cigarette sales have resulted from lower prices but those close to the situation state that it is yet too early to obtain a definite idea of the extent to which manufacturers will benefit. In the meantime the tobacco companies are financing the price reduction since the cut in excise tax has not yet been passed on to them.

Though the Ryckman bill has been approved by parliament, reducing excise tax from $6 to $4 a thousand cigarettes, the new excise stamps have not yet been made available to the manufacturer. The new tax is retroactive to October 13 so that the manufacturer expects a rebate on sales made from that date.

TROPICAL STORM AFFECTS POSITION JAMAICA SERVICE

Island Utility Indirectly Affected by Damage to Crops

From Our Own Correspondent

MONTREAL. — Hurricane damage to the banana crop in Jamaica is expected to have an adverse effect on the economic situation on the island a factor which will likely find reflection in the situation surrounding Jamaica Public Service Co.,

Jamaica has hitherto been able to withstand the pressure of business conditions largely on account of satisfactory volume and prices for its banana crop. Values have been in the neighborhood of two shillings a stem which might be likened to dollar wheat in Canada. With substantial damage sustained by planters, prospects for a severe reduction in banana shipments are apparent while general business on the island suffers in consequence.

System is Undamaged

Jamaica Public Service, as the leading utility, will feel the effects of restricted business activity though its own system actually suffered no damage in the hurricane. The company serves the city of Kingston with power, light and tram service in addition to activities in other sections of the island.

Earnings during the current year have tended to decline to some extent, surplus after charges in 12 months ended September totalling $205,823 against $236,202 in the previous twelve months, a decline of 12 per cent. Net earnings in the same period were down 8 per cent.

In 1931 earnings of Jamaica Public Service, Ltd., the holding company in whose common stock there is a Canadian investment interest, were equal to $1.81 a share. Dividends on the shares have been maintained at the regular rate of $1 a share to date.

Windsor Asks Supervision for Finances

Application by the City of Windsor for protection under the Ontario Municipal Act is in immediate prospect following a vote of the Windsor City council in which four councillors approved this action and three were against. While the city has sufficient funds to meet $400,000 of interest payments coming due there has been difficulty in meeting $350,000 of principal payments due December 1.

Appointment of a board of supervisors to take charge of Windsor's finances is in prospect with the probability that Thomas Bradshaw, chairman of the other supervising boards in the Border Cities group will take on yet another responsibility. Mayor Croll of Windsor who recently sponsored a moratorium for the city and an extension of fund debt maturities is leading the faction in the city council that is opposed to outside control of the city's finances.

Bond Tenders

Nov. 28, noon, Town of Sioux Lookout, Ont.—$18,000, 6 per cent 15 installment debentures, dated Dec. 1, 1932. J. E. Cole, treas.

Noon, Dec. 5, Municipality of Notre Dame du Nord—$5,000, 6 per cent bonds dated Dec. 1, 1932, redeemable serially from Dec. 1, 1933, to Dec. 1, 1942. J. N. Valliant, sec.-treas.

12 noon, Dec. 1, Carleton Place, Ont.—$22,300, 5 per cent 20-year unemployment relief waterworks extension debentures. H. J. Leigh, clerk-treas. (See announcement on page 10).

Bond Redemptions

Bond Issues—	Rate	Due	Redeem.	Price
Northern Electric	*5%	1939	Dec. 1	105
Dominion Glass	*6%	1933	Dec. 2	110
Int. Pwr. Secs. 'B'	6½%	1954	Dec. 1	104
Consumers Glass 'A'	†5%	1948	Dec. 1	...

*Called in part.

†Calling for tenders for sinking fund, $25,000.

MAJORITY BONDS OF ABITIBI POWER NOW DEPOSITED

Committee May Apply for Certificates of Deposit Being Listed

Abitibi Power & Paper Co. bondholders' protective committee announced at New York recently that holders of a majority of outstanding 5 per cent Series A bonds have become parties to the deposit agreement. That means it holds more than $24,134,000 of the $48,267,000 bonds outstanding.

It is probable that this announcement may be followed by reconsideration of listing privileges already given by the New York Stock Exchange to these bonds. As a rule bonds are withdrawn from trading when interest payments stop, but because of the many investors interested Abitibi bonds so far have been placed in a separate classification. It is understood that the protective committee would in such event apply for listing of certificates of deposit issued by its depositaries.

The right of withdrawal from deposit within 30 days after any plan of reorganization is submitted is believed to have induced a majority of bonds to be deposited. It is probable that the listing of certificates of deposit might bring in more as many have withheld their bonds because they did not want to part with their right to sell the bonds if at any time that seemed advisable.

Chairman of the protective committee is Joseph P. Ripley, vice-president of the National City Co., which took a prominent part in selling the bonds originally, and committee includes officers of a number of Canadian insurance companies which hold large blocks of the bonds.

CAN. LOCOMOTIVE CAPITAL SET-UP WILL BE CHANGED

Would Issue Income Bonds and Waive Interest for Two Years

Bondholders of Canadian Locomotive Co. are asked to approve a capital reorganization of the company at a meeting to be held in Toronto on December 13. It is proposed that the present 6 per cent first mortgage bonds on which interest was not paid on July 1, 1932, will be exchanged for income bonds on which interest will be cumulative from January 1, 1934. It is proposed that interest payments will be waived for 1932 and 1933 and that sinking fund payments would not start until 1937. Sinking fund payments are to be cumulative but non-payment will not constitute a default. There is at present $1,044,800 of bonds outstanding.

In return for the above concessions bondholders will receive a majority interest in the equity of the company represented by common shares and in addition provision will be made for management preferred shares to be held by nominees of the bondholders. This would ensure practical control of the company to 1937. The present preferred stock has equal voting rights with the ordinary shares. There are 15,000 7 per cent preferred shares of $100 par value and 20,000 ordinary shares of $100 par value outstanding.

Has Felt Depression

Earnings of the company have been greatly decreased by lack of orders from the railways and in 1931 deficit after payment of bond interest and depreciation amounted to $322,171. A strong liquid position has been built up over a period of years but in view of uncertain conditions and operating losses it was felt advisable that fixed charges should be reduced in order that the company could carry on until conditions improved. An investigation of the company resulted in a report that it was in the interests of bondholders that the present management be retained. Operations have been carried on at a very low level for some time. Business done by the company has been subject to wide fluctuations and in issuing income bonds fixed charges will be closely linked with earnings while the possibility of future defaults is reduced.

Societe Generale Offers St. James Parish Bonds

From Our Own Correspondent

MONTREAL.—Societe Generale de Finance Inc. is making a public offering of $325,000 6 per cent gold bonds of the St. James Parish of Montreal. These bonds are dated October 1, 1932, and mature serially up to 1942. The offering price is par with accrued interest.

Proceeds of this issue will be used by the parish authorities to consolidate the floating debt and to take care of other current liabilities. The bonds are junior to an issue of $100,000 first mortgage bonds which is held by the Societe des Artisans Canadiens-Francais.

Where Newsprint Firms Buy Their Power Supply

		Firm Power Contracts in h.p. (1)
NOVA SCOTIA POWER COMMISSION		
Mersey Paper Co.		23,000
GREAT LAKES POWER CO.		
Abitibi's Soo mill		7,600
MANITOBA POWER CO.		
Manitoba Paper Co. (Abitibi) (3)		24,000
QUEBEC POWER CO.		
Abitibi's Murray Bay mill		3,500
SHAWINIGAN WATER AND POWER CO.		278,085
Abitibi's Ste. Anne mill	10,071	
Anglo-Canadian P. and P. Co.	18,650	
Brompton	22,500	
Laurentide (Consolidated Paper)	37,500	
Belgo (Consolidated Paper)	54,000	
St. Maurice (Consolidated Paper)	22,500	
Canada Paper Co.	4,500	
Wayagamack (Consolidated Paper)	18,000	
Can. Inter. Paper—Three Rivers	60,000	
Donnacona Paper Co.	3,500	
St. Lawrence Paper Mills	25,364	
Howard Smith's Crabtree mill	1,500	
ONTARIO HYDRO-ELECTRIC POWER COMMISSION		50,350
Abitibi's Thunder Bay mill	16,150	
Howard Smith's Cornwall mill	6,000	
Ontario Paper Co.	28,200	
KAMINISTIQUIA POWER CO.		30,000
Fort William P. and P. Co.		
DUKE-PRICE POWER CO.		150,000
Price Bros. and Co.	100,000	
Port Alfred P. and P. Co.	30,000	
Lake St. John P. and P. Co.	20,000	
GATINEAU POWER CO. (2)		84,500
Can. Inter. Paper, Gatineau	77,000	
E. B. Eddy & Co.	6,500	
Rolland Paper—St. Jerome	1,000	
MACLAREN POWER AND PAPER CO.		66,000
James MacLaren Co.		
ST. JOHN RIVER POWER CO.		80,000
Fraser Companies	20,000	
Can. Inter. Paper, Dalhousie	60,000	
TOTAL		789,085

(1) These are estimated figures. No consideration is here given to the large quantities of secondary power sold for use in electric boilers for the production of steam.

(2) Gatineau Power Co. should be considered in relation to St. John River Power Co. as income of the latter is consolidated with that of the former.

(3) Company in receivership and contract not being recognized.

Power Firms Watch Paper Situation Closely

(Continued from page 1)

which resulted in the cancellation of a contract for 17,000 h.p. made with Shawinigan Water and Power Co. In return for this concession Shawinigan received several small electric power distributing companies owned by Donnacona. Power purchases by Donnacona today total about 3,500 h.p., an amount which is more in line with their actual requirements.

Want Contracts Fulfilled by Purchaser

These are specific instances of where newsprint companies have or endeavored to bring about a modification of their contracts with the power companies. Other contractors are known to have initiated negotiations with a view to changing the terms of their agreement. Minor concessions may have been made. Generally speaking, however, the power companies have insisted upon the fulfilment of their contracts for firm power.

At this time most of the paper operators are paying for nearly twice as much power as they can use in their plant operations. This imposes a heavy strain on finances when operating losses are all too common. How long they can carry on under present conditions is a matter of debate. It is common knowledge that some could not carry on without outside financial support.

Consolidation Would Affect Contracts

It is recognized that if a consolidation of the major newsprint companies is undertaken it would result, among other things, in the permanent closing of the high-cost mills. It stands to reason that the new consolidated company would be unwilling to assume the liability of the power contracts entered into by these mills. This obligation might be evaded by placing the property in receivership. This step may not be desirable and a readjustment of power contracts to conform to changed conditions could possibly be brought about by a mutually satisfactory agreement.

Plans for consolidation, while still in mind, have been side-tracked for the moment in order to deal with more pressing current problems—chief of which are maintenance of price and re-allocation of tonnage.

Move to Secure Stability

In order to maintain any degree of stability in marketing conditions, as well as prevent price cutting, those companies with limited orders must be kept satisfied by allotting the additional tonnage. Otherwise they will, of necessity, be forced to secure business in any manner in which they see fit. As long as this condition exists, there can be no stability.

Those concerns most interested in keeping the situation in hand are naturally those with the largest volume of business. They also are the ones which are being asked to give up tonnage in order to meet the demands of those not so fortunately located.

Some Operators Would Benefit

Companies which are known to be operating at a low percentage of capacity, such as Consolidated Paper, are expected to benefit by any re-allocation of tonnage. This would improve their operating and income position, making easier the task of meeting current liabilities, principal of which is the bill for power.

In order to strengthen the position of those companies with limited tonnage, concessions would have to be made by operators more fortunately placed. Release of tonnage in turn would lower their plant operations and create a larger surplus of power in that particular case.

Conferences are being held in Montreal with a view to arriving at an equitable distribution of tonnage. So far no announcement has been made as to the progress of the discussions or what plans are in mind as to the extent of the concessions which will be asked from the companies with better than an average volume of business. It is understood that headway is being made and expectations are now that a statement will be issued shortly.

Power executives are watching the situation to see in what manner concessions will be made and, in turn, how their own position will be affected.

Would Increase Preferred Stock of Loblaw Inc.

Shareholders of Loblaw Groceterias Inc. are asked to approve the mortgaging of the company's warehouse in Chicago and the ratification of the conveyance and transfer of this property to E. E. Moran and J. Francis Harter. At the special meeting of shareholders to be held in Buffalo on December 1 it is also proposed that approval should be given to increasing the authorized number of preferred shares from 30,000 to 35,000.

The Chicago warehouse was not included in the sale to Jewel Tea Co., of the Chicago business which was consummated early in 1932. Officials of the company refuse to comment on the significance of the increase in preferred stock or the mortgaging of the property.

U. K. Preference Ensures Clean-up Of B. C. Salmon

With a higher season's pack in all varieties except sockeye and steelheads, expectations of British Columbia packers are that the British preference will enable all stocks to be cleaned up. Larger stocks than formerly of frozen salmon were accumulated to meet British demand and profitable prices are anticipated for whole pack.

The pack to October 29 was 1,040,977 cases as against 684,353 cases in the preceding year. Sockeye was reported at 275,328 cases whereas last year the catch was 282,899 cases. Sales in small lots are being arranged without difficulty and the acute shortage in pinks has resulted in a price advance. The reported imports of Japanese salmon into the United States because of the drop to half its old value of Japanese currency do not much affect British Columbia which seeks a market in Canada and British Columbia.

Ontario Municipal Book Shows Financial Position

The annual Blue Book of Municipal Statistics issued by the Ontario Municipal Board, recently off the press with 1931 figures, shows the financial position at the end of the last fiscal year of most of the 939 organized municipalities in the province. The bulletin comprises 75 pages of statistical matter and follows its predecessors in form.

Assessed population in Ontario increased to 3,194,243 in 1931 from 3,141,633 in 1930 but assessed acreage dropped to 25,758,442 from 25,878,092 acres. Total taxable assessment of the province increased to $3,183,152,415 from $3,126,533,102 during the year and total debenture debt of all municipalities increased to $499,002,074 from $485,280,182 while sinking funds showed slight change at $60,065,280. Taxes imposed increased to $128,657,684 from $122,730,972.

Summary of Week's Annual Reports

A brief analysis of company earnings per annual statements received since last week's issue. Company name in bold type indicates stocks listed in Canada or New York. Net income shown is before preferred dividend, if any. Market prices are at close on Tuesday this week or last sale.

Company	*Year End	Net Income 1932 $	Net Income 1931 $	Common earnings 1932 $	Common earnings 1931 $	Curr. divid. $	Balance car fwd. 1932 $	Balance car fwd. 1931 $	Mkt.	Mkt. times earn.	Yield %
Brantford Cordage	Aug. 31	72,588	9,287	....	....	....	909,714	956,645	....	....	....
Imperial Bank	Oct. 31	1,205,835	1,328,864	17.22	18.98	10	544,743	761,909	151	8.7	6.6
Sherwin Williams	Aug. 31	*46,621	158,951	....	....	....	3,720,985	4,169,607	8	....	....

*Deficit.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Sold	—Sold To—	Rate	Maturity	Amount	Price	Basis
Gloucester, Ont.	Nov. ..	Gairdner & Co.	5½ & 6%	10&15 yr.	$105,000	....	.....
Nanaimo, B.C.	Nov. ..	Locally	5½%	.....	4,500	....	.....
Stamford Twp.*	Nov. ..	Wood, Gundy & Co.	5%	19-ins.	42,315	96.76	5.66%
			5½%	18-ins.	14,687		
			5½%	19-ins.	14,479		

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Offered	Yield
Elk Creek Waterworks	Nov. ..	Royal City Securities, New Westminster	7%	15-yr.	$100,000	....	.....
Stock Issues—							
Automatic Signal Corp.	Nov. ..	Johnston & Wood	Com.	....	.....	....	.....

*Secured on 30-day option.

Foreign Exchange

CANADIAN dollars continued their downward course in terms of gold standard currencies during the week ended Nov. 21. In New York the Canadian dollar closed at 86 7/16 cents on Nov. 21 compared with 88⅜ cents a week before.

The decline started slowly, but was more acute later, when the Canadian dollar in terms of New York funds lost 9/16 cents on Nov. 21. This change was made in close sympathy with sterling which fell from $3.32⅞ to $3.27⅛ in New York during the week and which also suffered most severely on Nov. 21.

* * *

STERLING'S weakness has been attributed to uncertainty for the outcome of war debt negotiations now in process. However, unless the foreign exchange market is forecasting failure of the conversations, it would seem premature to put such an interpretation on the fluctuations.

Sterling is naturally under some pressure at this season because of Britain's large purchases of foodstuffs and raw materials in the late fall, and this accounts for some of the weakness. Reports indicate that sterling's weakness has been caused by interdependent forces whose action is probably temporary. Rumor, which has linked the Canadian dollar with sterling, rather than with the United States dollar, has been substantiated, at least, by the latest changes.

In New York, sterling is now approaching its low of December, 1931, when it touched $3.23, and is not far removed from its record low of $3.18 reached in February, 1920. In Montreal and Toronto it has maintained its strength, closing at $3.78½ on Nov. 21.

FOREIGN EXCHANGE

New York Funds

	High (Premium) %	Low (Premium) %	High (Premium) %	Low (Premium) %
Nov. 15	14 1/2	13 1/8	11 11/16	11 1/4
Nov. 16	14 1/2	14	11 5/8	11 1/8
Nov. 17	15 1/4	14 5/8	11 7/16	11 1/4
Nov. 18	15 1/4	15 1/8	11 3/4	11 1/4
Nov. 19	15 3/16	15	13	11 7/8
Nov. 21	15 15/16	14 7/8	14	13

STERLING, FRANCS AND LIRE

Close Demand in New York

	Sterling	Francs	Lire
Nov. 15	3.31 3/4	3.92 1/16	5.11 5/8
Nov. 16	3.31 1/2	3.92 1/16	5.11 5/8
Nov. 17	3.28 1/4	3.91 7/8	5.11 5/8
Nov. 18	3.28 1/2	3.91 7/8	5.11 5/8
Nov. 19	3.28 1/2	3.91 9/16	5.11 5/8
Nov. 21	3.27 5/8	3.91 1/2	5.11 3/8

Close Demand in Toronto

Par		Nov. 7	Nov. 14	Nov. 21
5.26	Italian	5.88¾	5.78¾	5.93
23.80	German	27.30	26.85	27.52½
13.90	Belgian	15.96	15.64	16.03
49.80	Japanese	24.15	23.73	24.04

Canadian Public Service Shows Better Earnings

Gross revenue of $103,447 is reported for Canadian Public Service Corp. in the three months ended September 30, 1932, which compares with gross revenue of $89,039 in the corresponding quarter of 1931. Operating expenses, maintenance and taxes are up to $42,581 from $37,054 but net operating income of $60,866 is some $9,000 higher than in 1931. After taking in non-operating income and deducting non-operating expenses there remains $60,542 available for interest and amortized debt expense which totals $33,472 as against $51,312 available for interest of $32,949 in the same quarter of 1931.

Net income of the company is $27,070 in the third quarter of 1932 as compared with $18,363 in the same quarter of 1931 before provision for retirement reserves, United States exchange paid, Dominion income taxes and special income. The company operates in the Okanagan Valley of British Columbia as a holding company with control of West Canadian Hydro-Electric Corp., Canadian Western Telephone Co. and a cold storage company.

INVESTMENT SECURITIES

The National City Company Limited

360 St. James St. MONTREAL

320 Bay Street TORONTO

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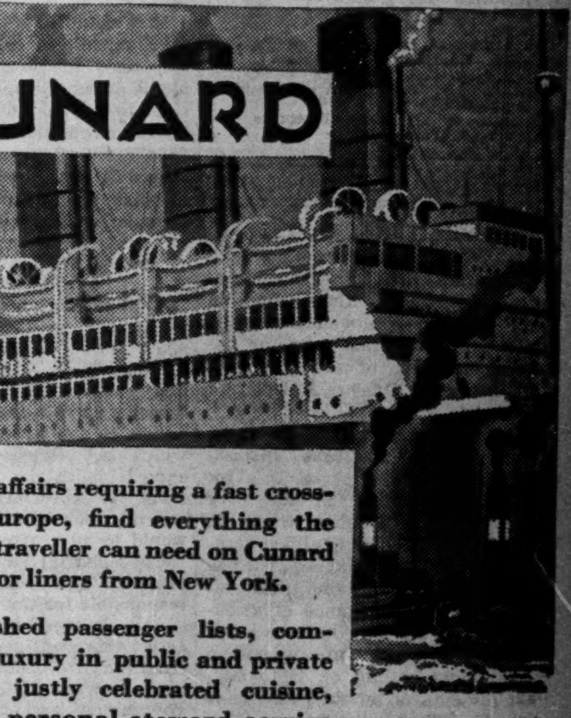

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THE SHERWIN-WILLIAMS CO. of Canada, Limited

Annual Report of Board of Directors for Year Ending August 31st, 1932

TO THE SHAREHOLDERS: On behalf of your Directors I beg to present the Balance Sheet of your Company, showing the Assets and Liabilities at the close of its fiscal year, August 31st, 1932.

Your Auditors, Messrs. Price, Waterhouse & Company, have made an examination of the books and accounts of the Company and their certificate and report is submitted herewith.

According to our usual custom all renewals of and repairs to properties have been charged to Operating Expenses, and the sum of $91,656.60 has been written off to Reserve for Depreciation. Total Reserve for Depreciation and Renewals of Plant as shown on the Balance Sheet now stands at $2,275,662.50.

All inventories have been taken with care and have been priced on the basis of cost or market, whichever proved to be the lower.

Although additional economies in operation have been effected throughout the year, earnings have been reduced and sales have suffered as a result of the continued difficult business conditions. However, your Directors feel assured, that notwithstanding lowered sales volume, the popularity and consumer acceptance of the Company's products have been fully maintained.

The spirit of the personnel of the Organization continues to be of its usual high standard, and I take this opportunity of extending to the staff throughout the country thanks for its full co-operation and support.

The earnings for the year ending August 31st, 1932, were $74,167.10. Provisions on account of Reserves, Pensions, Income Tax and Dividends totalled $522,788.34, as follows:—

Reserve for Depreciation and Renewals of Plant	$ 91,656.60
Dividends on Preferred Stock	242,200.00
Dividends on Ordinary Stock	160,000.00
Pensions Paid and Long Service Awards	26,556.84
Provision on account of Income Tax	2,374.90
	$522,788.34

The Surplus Account now stands at $3,720,985.54, and total Reserves and Surplus as shown on the report amount to $6,016,648.04.

Respectfully submitted on behalf of the Board,
GEO. A. MARTIN, President.

Montreal, November 14th, 1932.

The Sherwin-Williams Company of Canada, Limited and Subsidiary Companies

Consolidated Balance Sheet, August 31st, 1932

ASSETS

Property Account—		
Land and Buildings, Leaseholds, Machinery and Equipment, Formulæ, Trade Marks and Goodwill		$9,323,264.16
Investments in Capital Stocks of Associated Companies		539,265.85
Current Assets—		
Inventories, as certified to by the Management	$1,714,582.08	
Accounts and Bills Receivable, less Reserve	1,515,583.29	
Marketable Securities at cost, less depreciation thereon written off... (Market value, $497,122.00)	648,615.52	
Mortgages Receivable	31,000.00	
Cash	418,796.09	
		4,328,576.98
Insurance and Taxes Prepaid, etc.		44,160.26
		$14,235,267.25

LIABILITIES

Capital Stock—		
Seven Per Cent Cumulative Preferred—Authorized—40,000 shares of $100.00 each	$4,000,000.00	
Issued—34,600 shares of $100.00 each	$3,460,000.00	
No Par Value Ordinary—Authorized—225,000 shares Issued—200,000 shares	4,000,000.00	
		$7,460,000.00
Trade Accounts Payable and Accrued Liabilities		341,764.99
Bank Loan, secured by pledge of securities of a market value of $263,000.00		150,000.00
Current Account with Carter White Lead Company of Canada, Limited		266,854.22
Reserves—		
For Depreciation and Renewals of Plant	$2,275,662.50	
For Pension Fund	20,000.00	
		2,295,662.50
Surplus as per Statement Attached		3,720,985.54
		$14,235,267.25

Consolidated Statement of Surplus and Profits, August 31st, 1932—

Surplus at August 31st, 1931		$4,169,606.78
Add: Combined earnings for the year ending August 31st, 1932, together with dividends received out of the earnings and accumulated surplus of Associated Companies before making provision for depreciation and income tax, and before charging expenditures shown below		74,167.10
		$4,243,773.88
Deduct:		
Pensions paid to retired employees and Long Service Awards	$ 26,556.84	
Depreciation	91,656.60	
Provision on account of Income Tax	2,374.90	
		120,588.34
		$4,123,185.54
Deduct also:		
Dividends paid during the year:—		
Preferred	$ 242,200.00	
Ordinary	160,000.00	
		402,200.00
Balance of Surplus, August 31st, 1932		$3,720,985.54

AUDITORS' REPORT TO THE SHAREHOLDERS

WE have made an examination of the books and accounts of The Sherwin-Williams Company of Canada, Limited, and its Subsidiary Companies for the year ending August 31st, 1932, and have obtained all the information and explanations which we have required; and we report that, in our opinion, the above Balance Sheet at August 31st, 1932, is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of The Sherwin-Williams Company of Canada, Limited, and its subsidiary companies, according to the best of our information and the explanations given to us and as shown by the books of the companies.

PRICE, WATERHOUSE & CO., Auditors.

Montreal, November 3rd, 1932.

Approved on behalf of the Board,

WM. SHEPHERD FALLIS
DOUGLAS A. WHITTAKER } Directors.

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Published by
THE MACLEAN PUBLISHING CO. LIMITED
143 University Ave., Toronto 2

MONTREAL, Southam Building, Murray R. Chipman, Eastern Manager; John E. Langdon, Eastern Editor. GT. BRITAIN, London, The MacLean Co. of Great Britain, Ltd., 2, 3 and 4 Cockspur St., London, S.W. 1. E. J. Dodd, Director. Telegraphic address, Atabek, Lesquare, London.

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TORONTO, NOVEMBER 26, 1932

SOCIAL INSURANCE

ADVOCATES of unemployment insurance and other social insurance schemes in Canada will do well to heed the well-considered comments made last week at the annual meeting of the Canadian Life Insurance Officers Association at Toronto.

In his presidential address, G. Cecil Moore, assistant general manager of the Imperial Life Insurance Co. struck at the very heart of this problem when he stressed the need of qualified actuarial advice "to guard against the pitfalls which await the uninformed," and the importance of utilizing this advice before such schemes are put into operation rather than calling on it to suggest remedies after the funds have got into difficulties as has so often been the case in the past.

An inherent handicap of social insurance schemes as Mr. Moore points out, is that for many years from the inception of the plan there is a rapid accumulation of assets, notwithstanding the fact that payments into the fund may eventually prove quite inadequate to meet the benefits provided. This rapid accumulation of the visible and tangible assets of the fund gives a misleading air of prosperity to the understaking and in many cases lulls those charged with its administration into a false sense of security, from which they awaken only when the fund is hopelessly insolvent. "We have only to look at past history to realize how often these schemes have been started on a wrong basis and carried along for many years with no appreciation of how much more rapidly the liabilities were accumulating than the assets," said Mr. Moore. He continued:

"We feel we are speaking directly in the interests of the Canadian public when we say that in the future no social insurance or pension scheme in Canada, whether dominion, provincial or municipal, should be inaugurated or carried on without experienced and competent actuarial advice and that in all present schemes where such actuarial guidance is lacking, it should be immediately sought. This is because in setting up and maintaining any of the social insurance or pension plans just referred to, the experienced actuary will apply correct and time-tested principles in analyzing all available statistics.

"He will make sure that the scheme is sound mathematically, that proper provision has been made for all accruing as well as accrued liabilities, that the payments into the fund are adequate for the obligations being incurred, and last, but not least, will use his best judgment in making certain that the scheme is harmonious in construction and workable and sound from the stand-point of the human relationships involved."

An equally sound and constructive viewpoint was expressed at the same meeting by H. H. Wolfenden, an independent Toronto actuary and keen student and author on social insurance matters, who pointed to the need of educational effort, close scrutiny and fearless thinking on the part of the general public to distinguish between real insurance plans, individual savings schemes, methods of non-contributory compensation and those of mere relief. "The urgent necessity of controlling the many ingenious devices by which the thoughtless seek to shift the personal burden to the shoulders of other persons or the state," he said, "is fundamentally important in all these types of schemes as indeed it is essential to the success of all constructive human effort." Mr. Wolfenden urged more careful exploration of the possibilities of encouraging the individual first of all to make systematic provision for himself, instead of the government's function being assumed to lie in the inauguration as well as the unlimited support of plans to which the individual contributes almost as an afterthought.

Development along various lines of social insurance will probably be one of the most important social and economic contributions of the present decade and there is little question that some type of national unemployment insurance scheme will be presented to parliament during the lifetime of the present government. If this and other schemes are to be developed along sane and satisfactory lines, it is essential that the invaluable advice of Canada's actuarial experts be obtained and accordingly the opinions set forth at the life officers' meeting deserve the widest possible publicity throughout the dominion.

RAISING MONEY IS DIFFICULT

LAST week an article in The Financial Post listed four reasons for the comparative failure of the $80,000,000 Dominion loan which had to be shut off at that figure without proceeding to the $105,000,000 objective which the government really had in mind.

A fifth important reason might be emphasized in addition. Investors become timorous when they are asked to purchase the securities of a government that is not balancing its budget and that instead of striving to the utmost to balance its budget is continuing to put government money and credit behind all sorts of schemes to create prosperity artificially.

The recent British conversion loan would not have been the remarkable success it was had it not been preceded by the most drastic curtailment of government expenditures bringing a balanced budget within sight of attainment. But there is no early prospect of a balanced budget for Canada. Under these circumstances we cannot blame anyone but ourselves if our national bonds meet a cool reception.

It is doubtful if even the super-salesmanship of cabinet ministers, who used the long distance telephone to importune large institutions to get behind the loan, would have brought the sales even to the $80,000,000 figure reached if the Prime Minister had made his revelations about the loss on wheat speculation two weeks earlier.

DR. CLARK'S VIEWS ON MONEY POLICY

THE Edmonton Journal has been looking up the views of Canada's new deputy minister of finance, W. C. Clark, on monetary and banking problems. It finds that a year ago he contributed an article to the Queen's Quarterly in which he discussed the aid our export industries might receive from the depreciation of the dollar and in which he suggested that we would be in a stronger position if we had central banking machinery properly equipped and definitely responsible for the control of credit in all emergencies of this character. He considered the present tradition of division of responsibilities between the banks and the government, and the lack of special equipment or traditions in the department of finance, to be thoroughly anomalous.

While Canada's recent experiment in reflation was inaugurated at almost the exact moment that Dr. Clark took office, there seems little doubt that it had been discussed with him before he took up his official duties at Ottawa. Primarily Mr. Bennett gave Canada some inflation because the rise in our dollar was damming up the export flow of Canadian wheat. But behind this immediate reason there must have been in the mind of the prime minister a profound conviction of the need of reflationary measures for business purposes. As this conviction did not exist some months ago, it is reasonable to assume that Dr. Clark put it there.

Under the régime of the new deputy minister of finance there will probably be an attempt to regularize the monetary and banking control and operations of the department of finance. This would be a step forward if it were to be undertaken with a desire to preserve the best traditions of Canadian banking and finance rather than in an attempt to effect sweeping changes over night.

That there is some need for changes is evident. Canada has, for instance, certain rediscounting arrangements in which the department of finance fulfils the function of a central bank. The request for advances from the government are nominally passed by the treasury board, a committee of the cabinet. But on this treasury board there seldom sits any one equipped by training or background to perform the functions that in Britain are performed by the chairman of the Bank of England and in the United States by the governor of the Federal Reserve Board. Thus, the rediscounting is more or less automatic and without regard for what should be Canada's credit or monetary policy.

In many other directions, the department of finance machinery can be improved under the direction of an able economist, such as Dr. Clark.

FUNDAMENTAL FACTS IN TAX PROBLEM

BUSINESS men's organizations that set themselves out to have taxes reduced will never get very far by merely publishing figures of the rate of increase in governmental expenditures and confining themselves to that. They must get to the roots of the tax problem and while these roots include extravagance, inefficiency and even some graft, the one from which the tax plant really derives its life is something quite different. Taxation in the post-war era is nothing more nor less than a method of effecting redistribution of wealth.

It will perhaps clarify our thinking somewhat if we think of three different types of governmental expenditure. There is expenditure on account of the cost of government, public defense, administration of justice, etc., functions that everyone agrees belong to the State. Then there is the expenditure of revenue from special taxes imposed for specific purposes, such as motor vehicle taxes for highway purposes, where the state is merely a trustee for a restricted group of citizens. Such fees should not really be considered as taxes at all.

The third group of taxes embraces those that are necessarily imposed to raise money for governmental activities undertaken under the influence of modern social thought. The largest proportion of the rise in taxation in the war and post-war years is traceable to this group of activities.

Taxation has become a means for the redistribution of wealth. When the state frees a publicly-owned utility from taxes in order to reduce lighting rates to workingmen it has to find a way to replace the lost tax money by some sort of tax on wealth. When it goes in for pensions to aged people, free hospitals for the infirm, free advanced education for all, it assesses the cost upon business and capital through income taxes, inheritance taxes, etc. There is nothing to this process but a definite application of the socialist principle of equalization of wealth and opportunity.

Much of the campaigning against rising taxes has been wild shooting. Business men have felt that there was an enemy there but they have not seen quite clearly enough to fire directly at him. The job now is to locate and define the source and inspiration of the tax enemy. It is in Socialism and it will not be a long step from our present system of using up our reserves of capital to give to the so-called underprivileged to an outright system of either Socialism or Communism.

In dealing with the tax problem, then, business men must recognize that they are dealing with a fundamental social movement and not with the ineptitude of a small coterie of civil servants. If they keep this in mind they will be able to launch their offensive more intelligently, assuming, of course, that they want to get their taxes cut once they discover why they have risen. For the business man who believes that Socialism is a good thing has no right to kick about his tax bills. That is what he is paying for.

RUN UP COSTS

DOMINION government's survey of education in Canada in 1931 reveals an increase of 2.1 per cent in attendance at schools and 8.1 per cent in school expenditures.

The depression has had the effect of crowding the secondary schools. Boys and girls leaving public school have had difficulty getting jobs and have continued in school to keep themselves occupied and to fit themselves for larger work in life.

The cost of secondary education is higher per pupil than the cost of primary school education and thus. It is the increase in secondary school attendance that has caused the educational bill to roll up at a period when it should have been coming down.

But this natural result of unemployment has merely intensified a condition that has prevailed for a number of years. With compulsory school attendance ages being raised, with more and more firms insisting upon the matriculation certificate as a prerequisite to granting a job, with the curricula of secondary schools being widened each year, the cost of education has been steadily rising for some years. Provincial expenditures on education have grown from $10,000,000 annually to $34,500,000 annually in the last 15 years, yet the provincial share of expenditures on publicly controlled schools represents only about 15 per cent of the total, the balance being put up by the municipalities and by the pupils in these schools where small fees are charged. It is only fair to point out that the rate of advance in provincial educational expenditures has not been greater than the average rate of advance on all items of public expense but this is beside the point, the chief thing to be noted being that the country cannot afford to continue spending money on education at even the present rate, much less at a steadily advancing rate.

In bringing down school costs attention need not first of all be focussed on public school costs or on teachers' salaries. The great problem lies in the field of secondary education, designed to cram the heads of the older children of the land with a mass of factual data that is in a large percentage of cases rather indifferently received and of doubtful value in after life.

In Canada's present financial position serious consideration must be given to the idea of completely altering the basis of charging fees in secondary schools in order that this branch of education should be made largely self-supporting, the state contributing largely only to the most promising scholars through some system of scholarships to be established after careful study.

WEAKENS HIS CASE

AN INTERESTING and illuminating example of how not to go about the business of seeking reform is provided in the case of Judge Stubbs, of Winnipeg. Judge Stubbs won a great deal of sympathetic attention in all parts of Canada by his comments upon certain weaknesses in our system of law enforcement and penal justice. He may have gone too far, that is a matter of opinion, but in any event he incurred the displeasure of political authorities and was told he would be "investigated."

With that announcement, Judge Stubbs threw reasonable caution and judgment to the winds and began to speak and act like a man campaigning for political office. He has alienated a large body of the public opinion that had begun to watch carefully for his views.

There is a dividing line between the practical reformer and the fanatical evangelist that Judge Stubbs has failed to recognize.

Newest political conundrum: Is Mr. Hoover called upon to carry out his own promises between now and March 4 or should he do the things the people voted for?

POST-scripts

REPORTS indicate that there is some domestic manufacture of clothing in the vicinity of Onaway, Alberta. Raw wool, ordinarily sold at 3c a pound, is being washed at home and sewn between flour sacks to make bedding, and the old fashioned spinning wheel is being used to prepare yarn to make socks, mitts, sweaters, caps and underwear.

CARROT RIVER VALLEY at The Pas, Man., which is some 350 miles north of the International Boundary at about 54 degrees N. Latitude, is now a full fledged agricultural producer.

This, the latest addition to Canada's agricultural areas, has shipped five carloads of vegetables to Churchill on Hudson's Bay this year and has sent the same quantity to Flin Flon during the season. Smaller quantities have been shipped to other points located along the Hudson's Bay Railway. The shipments included potatoes, cabbages, beets, turnips, parsnips and, of course, carrots.

THE editor of The Efficiency Magazine, of London, Eng., is Herbert N. Casson, a Canadian. We assume then that Mr. Casson did not see this item before it got into print:

"The names of three political follies are Washington, Ottawa and Canberra—the seats of Government in the United States, Canada and Australia.

"All three are merely political cities, misplaced. They have become hotbeds of politics.

"The capital of the United States ought to be either New York or that central city—Indianapolis.

"The capital of Canada ought to be Toronto. Ottawa is 300 miles out of the way, in the frozen north.

"The capital of Australia ought to be Sydney or Melbourne, I would not dare say which.

"Canberra cost £9,000,000 of borrowed money. It is a wonderful city of white stone and beautiful gardens. But it is 100 miles from the sea.

"It is not a wise plan to put a Government in a town of its own. How absurd it would be to put our Government in the Lake District, or to put the German Government in the Black Mountains!"

Other People's Views

(The Canadian People)

The Vancouver Province.—The basic strain in Canada's population is, of course, Anglo-Saxon. The secondary strain is French. But there are innumerable other strains, German, Scandinavian, Italian, Polish, Russian, Czechoslovakian. They all bring something to Canada, some vigor which has preserved them throughout the ages. They bring their languages, their customs, their arts, perhaps traces of their institutions. And we set to work immediately upon their arrival to smother out everything they bring and make them over into Canadians. Are we wise in doing this? Are we not in too much of a hurry to extinguish all the racial characteristics of our new settlers? Do we not make trouble for ourselves with our hurry, as in the case of the Doukhobors? And do we not lose something in richness and variety and picturesqueness and interest? The value of the French-Canadian strain, which a happy accident has preserved and developed, should be a signpost for us. The rather indifferent success which the United States has had in throwing everything into the melting pot, might prove a warning.

Canada And Her Wheat

Vancouver Province.—If anyone in Western Canada wishes to know why he has less money to spend this year than he had in 1928, he may find the reason by studying the following table from Hansard showing the wheat and wheat flour exported from Canada annually since 1924:

Year ending March 31	Quantity in bushels	Total value	Av. export price per bushel
1924 ...	309,587,417	$330,541,677	$1.07
1925 ...	241,396,059	322,304,536	1.34
1926 ...	295,061,853	434,051,986	1.47
1927 ...	294,162,155	421,815,274	1.43
1928 ...	308,144,918	411,996,452	1.33
1929 ...	421,785,327	493,642,105	1.17
1930 ...	212,529,189	261,210,670	1.23
1931 ...	249,724,883	210,296,003	0.84
1932 ...	215,677,763	134,636,926	0.62

As the Minister of the Interior stated in the House of Commons, the other day, the economic structure of Canada is built up, to a large extent, on the production and export of wheat, and when the profit is taken from the wheat industry, the whole country feels it. Canada, the figures quoted above show, got for her wheat, in the last fiscal year, less than 30 per cent of what she got in the year ending March 31, 1929.

(Maritime View of Empire Pacts)

Maritime Merchant.—The prospect of immediate benefit to the Maritimes from the Empire trade agreements are not such as to arouse any degree of enthusiasm. It does not appear that the flow of grain through Halifax and Saint John will be large during the winter, although there should be more package freight inward. So far as lumber is concerned, the British market is heavily stocked with the Russian product and the treaty with Russia has nearly three months to go. In New Brunswick the Government cut the stumpage rates in two, but the lumbermen, with heavy stocks on their hands, are not disposed to enlarge their operations to any great extent. As far as other products are concerned, whether of the farm or the fisheries they are not available in sufficient supply, with the exception of apples, and of potatoes if the embargo is lifted, to figure at present in the export trade. All that can be said at the moment is that the market is available but we are not yet in a position to take advantage of it. No doubt some benefit may be derived here and there and a beginning made, but the initiative lies with ourselves. That is the point that needs to be emphasized. Many countries are now seeking trade agreements with Great Britain. Even with a preference existing the competition will be keen; hence, while immediate prospects of benefit may be meagre the resources and the seaboard location of the Maritimes afford the people great opportunities for the future. With that fact in mind this is not a time for discouragement but for greater confidence such as inspires a people to go forward and lay the foundation of a prosperous future business. Lord Reading has very wisely said that it is the spirit animating the people of the different parts of the Empire rather than the letter of these first agreements made at Ottawa, upon which we have to rely. The denunciation of the Russian Treaty is a guarantee of good faith on the part of Great Britain. There are obstacles to overcome, so far as the entry of the Maritimes into the British market is concerned, but they are obstacles we can ourselves remove. That is the task to which we must set ourselves with intelligence and energy and a confidence that will not be denied.

"Stop Me If You Have Heard This One"

"The doctor coughed gravely. 'I am sorry to tell you,' he said, looking down at the man in the bed, 'that there is no doubt you are suffering from smallpox.'

"The patient turned on his pillow and looked up at his wife.

"'Julia,' he said in a faint voice, 'If any of my creditors call, tell them that at last I am in a position to give them something.'"

The World at Large

An Occasional Department Discussing World Economic Affairs That Affect Canada

By F. S. C.

CONFERENCE POSTPONED

IT NOW seems likely that the world economic and monetary conference, which was to have met in London in January, will be postponed until April. There are two factors in the postponement. One is the fact that the United States Congress is likely to move very slowly in the matter of adjusting or even considering the war debts due from Great Britain, France and other countries and most certainly would not arrive at any settlement in time to permit the conference to go on in January. Another reason is the fact that the experts of the League of Nations who have been working on the conference preparing basic material for consideration, have gotten themselves so involved in an argument on the merits of the gold standard that they have failed to draft any useful points for the agenda.

* * *

ATTITUDE of the United States congress on the war debts question is not easy to forecast, but it seems likely that an appeal to self interest, with offers of trade concessions, arms reduction, etc., will lead to some settlement of these debts that will remove from the economic scene the most dangerous features inherent in them.

There can be little doubt that the stability of the British financial position depends in no small measure upon the order of settlement. Great Britain requires a war debt settlement not because she selfishly desires it, but because she simply cannot pay the debts and would have to default the December payment if some arrangements were not made to suspend it.

There is little use in going into the world economic conference without the war debt question out of the way. If, on the other hand, the question can be reasonably settled, say to the degree that the reparation question was settled at Lausanne, the economic conference can devote itself to a number of other important financial problems world-wide in character and find some basis for concerted action in the direction of recovery.

* * *

PRIME MINISTER RAMSAY MACDONALD was reported as being thoroughly disgusted with the muddles and misunderstanding of the Preparatory Committee sitting under the auspices of the League of Nations at Geneva in advance of the world economic conference.

Geneva despatches indicate the preparatory experts have gotten themselves entangled in an academic debate on the gold standard.

This bears out what has been charged alleged by The Financial Post on many occasions, that in certain of its functions the League of Nations permits itself to be turned into an international debating society conducted at tremendous and steadily gaining expense. There seems to be two sides to the League of Nations' work; on the one hand, the actual technical work in connection with the finances and economic problems of the individual countries and in the management of local problems. And then on the other hand there is the larger arena in which the game of international politics is played on a high scale. Probably in this work the League has done more harm to world peace and recovery than good.

The Gospel of Spending

New York Times

Some time ago a little band of economists, including the inevitable and infallible John Maynard Keynes, in a joint letter to The London Times put forth the theory that it was the duty of both private individuals and public authorities to spend freely. Shovel out the money, and so quicken trade and relieve unemployment. Several other economists united in a protest against the doctrine of economic salvation by means of getting further in the hole. There has been a great deal of discussion of the subject in England. Laying the cornerstone of a new savings-bank building in Birmingham, Mr. Neville Chamberlain, Chancellor of the Exchequer, found the aptest of occasions for giving his views on the matter.

He discarded theory for common sense. There is a clear distinction between the duty of private persons and public bodies in the matter of expenditure. The money for public expenditure, whether local or national, has to be raised by rates and taxes. The higher these are, the less money the private person has left to spend. He was convinced that the public authorities have spent altogether too much in proportion to the resources of the only people from whom they could get any money—those who had investments or employments. The advocates of spending suggested that money should be raised by increased taxation to provide such things as swimming baths, libraries, museums. In the present circumstances Mr. Chamberlain held that public expenditure should be concentrated on essentials. "Amenities" were luxuries that could be indulged in only in good times. In hard times it was better to let the private individual spend money on amenities rather than to insist on spending by public authorities. He wouldn't take it upon himself a lay down any rule for that private individual:

"Use your own common sense and apply it to your own individual circumstances; do not abstain from spending, if you can afford to spend, under the mistaken idea that you are performing a public service by keeping your money lying idle in the bank. On the other hand, do not feel any qualms of conscience or feel you are doing wrong if you put a little bit aside, even today, for it may be in that way you are helping to preserve the stability of the country."

On the same day Sir Robert Kindersley, president of the National Savings Committee, opposed the proposal of the Keynes economists to increase expenditure by public bodies. So far as individuals are concerned, he believed that men and women were spending less only because they had less to spend. In spite of the lean years, he thought it probable that never in the history of Great Britain had its people spent more on recreation and amusement than today. So Mr. Keynes and his fellow-gospelers look a little queer. The average man needs no encouragement to get rid of his money if he has any. But the proverbial "drunken sailor" is a hunks compared with the official bigwigs and littlewigs bent on stripping the taxpayer's pocket.

New Books

Canadian Trade Abroad

The November issue of Canadian Trade Abroad features the results of the Imperial Economic Conference. This is the second number of an attractive looking periodical described as "A Guide to Canada for Buyers Throughout the World." An article of particular interest to British and foreign buyers is one prepared by J. B. Spencer, director of publicity of the federal department of agriculture on "Canada's Inspected and Graded Exports." Other articles discuss the West Indies trade and the world wide distribution of Canada's leather industry. Regular features of the magazine are a Buyer's Guide and a list of Canadian agencies that are open abroad.

It sells for 50c a copy with an annual subscription price of $3. It is published by the MacLean Publishing Company Limited.

As Others See Us

Central Bank for Canada

Edmonton Journal.—The central bank proposals require careful study. That is brought home by a series of articles now running in The Financial Post, written by Mr. A. F. W. Plumptre, lecturer on money, credit and prices at the University of Toronto. He holds that it is unsafe to assume the suitability of such a system for Canada because it has been adopted elsewhere and points out certain dangers that it entails. At least he succeeds in making plain the necessity of proceeding cautiously.

A Policy of Retrenchment

Brantford Expositor.—In the recent silver anniversary edition of The Financial Post, in congratulating this weekly newspaper on its quarter of a century of service Sir Herbert S. Holt, president of the Royal Bank of Canada, and president of the Montreal Light, Heat and Power Concerns, wrote as follows:

"I congratulate The Financial Post on its twenty-fifth anniversary for the impartial and constructive policy it has pursued from its inception; on the sound advice given in all financial matters, and its fearless and fair criticism of governments, federal, provincial and municipal, also of corporations, institutions and individuals where it considered it was necessary. I sincerely hope it will continue this policy in the future, for there never was a time when it was more urgent than the present when the burden of our numerous and enormous taxes is so onerous, caused largely by the excessive cost of running far too numerous governments, which should be reduced and made more efficient."

Sir Herbert Holt is one of the foremost financiers in the Dominion. He is a man of sound judgment and keen insight into the trend not only of financial matters, but also of public affairs, and his statement that "there never was a time when it was more urgent than the present, when the burden of our numerous and enormous taxes is so onerous, caused largely by the excessive cost of running far too numerous governments, should be reduced," certainly confirms what newspapers all over the country have been saying. Sir Herbert is undoubtedly on the right line. The business concerns of this country cannot endure to be burdened with taxation as they are at present. It has slowed down the wheels of industry and caused trade and commerce to be stagnant in channels where previously it moved freely. The wisest business men on the North American continent have said again and again that if governments would get off the back of business, it would speedily recover.

There must be radical reductions in the staffs and various departments of governments, federal, provincial and municipal, that will make drastic retrenchment in expenditure possible. The sooner this policy is put into practice the sooner will there be a recovery of industrial and commercial prosperity. Have present governments the courage to adopt this policy, and have the taxpayers of the country the determination to insist that it shall be done?

Leather Footwear Output Higher

The production of leather footwear in Canada in September amounted to 1,723,202 pairs, an increase over the preceding month of 14,843 pairs and an increase over September 1931 of 50,765 pairs. The cumulative production for the nine months ended September 30th was 13,940,630 pairs, or an average per month of 1,548,959 pairs, compared with a total of 13,735,242 pairs and a monthly average of 1,526,138 pairs for the corresponding period of 1931.

Montreal Real Estate Values

The value of real estate in the City of Montreal, as determined by assessors in their valuation between May and September, reaches $1,299,306,817, with tax-exempt property $311,097,599 and net taxable valuation $988,209,218.

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Alberta Coal Output Gains

Alberta's coal output for September was 432,886 tons, as compared with 422,980 for the same month last year. Not only did the production for the first fall month show a fair advance over the 1931 figures, but that for the entire year, to Sept. 30, is also well ahead of the corresponding nine months of last year. The 1932 figures are 3,089,224 tons, as against 2,933,839 in 1931, an increase of 155,385 tons.

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and Winnipeg - - $2.00
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" Halifax - - - 8.50

REGINA
and Victoria - - $3.50
" Toronto - - 4.75
" Montreal - - 5.50

WINNIPEG
and Vancouver - $4.50
" Sydney - - - 6.25
" Halifax - - - 6.25

TORONTO
and Vancouver - $7.75
" Saint John - 2.55
" Halifax - - - 3.50

MONTREAL
and Vancouver - $8.25
" Edmonton - 6.75
" Halifax - - - 2.40

SAINT JOHN
and Edmonton - $7.75
" Winnipeg - - 5.50
" Quebec - - - 1.30

HALIFAX
and Vancouver $10.00
" Calgary - - - 8.75
" Ottawa - - - 2.80

● NOTE: The above rates are for Station-to-Station Day Messages.

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Saskatchewan Government Telephones

THE TRANS-CANADA TELEPHONE SYSTEM

The Week in Business

Cold Weather Aid to Retailers

October Index in New Low Ground

U. S. Situation Unchanged

A SHARP spell of cold weather has proved a welcome stimulus to many lines of business in the past week. Retail stores found themselves in many cases unprepared for the sudden onslaught of snow and wintry winds but were nevertheless glad to see prospects of an early, rigorous winter season which (much as it will be unwelcome to those who find themselves unemployed or lacking in food and clothing) will prove a stimulus to the manufacture and distribution of winter merchandise — a stimulus which has been considerably lacking for the past three years which have been notable for their mildness.

Such stimulus from the consumer side of the business equation is all the more welcome since there is as yet little or no indication of improved demand in the heavy or basic industries.

* * *

THIS is clearly shown in the publication this week of the regular monthly index of business compiled by The Financial Post and which showed even more weakness than had been anticipated. For five months now this index which is based on 47 factors measuring the physical volume of business in Canada, has held firm at about 20 per cent below the average for 1926 which is roughly the level reached at the bottom of the 1924 recession and also on a par with business conditions in the fall of 1922 when business was recovering from the post-war price collapse of 1921. Now a slump of almost two points has brought the index into new low ground and indicates that in spite of a good wheat crop, many adverse factors have greatly retarded the ordinary seasonal stimulus which might have been normally looked for if wheat prices and other financial and industrial factors had been more favorable.

The most that can be said for the current outlook is that further marking time is all that can be expected until some more specific solution of war debt problems can be achieved.

* * *

IN THE United States it is interesting to observe the actions of that interesting business barometer the machine tool. Seasonal demand for machine tools in November has slumped since the usual seasonal increase spent its force late in October. Launching of new enterprises and sale of new products have not responded promptly to the removal of election uncertainty.

More enquiries and a few more actual orders for machine tools were received in October than in September, thus making the third successive monthly improvement in this field. However, Federal Reserve reports indicate continuation of the piling up of reserves and funds available for short term loans. This is interpreted to show an over-abundance of money awaiting investment, but also an unwillingness to lend for commercial purposes. It is thought that the capital factors are favorable for recovery.

Employment bureaus in the United States report more active enquiries for labor but not enough to afford much relief. No encouragement is lent to the current situation by the eighth successive weekly decline in commodity price indices which are now around the June low level.

Business Conditions in Canada

SALES OF CARS DURING OCTOBER DROPPED 38.9%

Plymouth, Frontenac and Ford Gained During Last 10 Mos.

Sales of new automobiles in Eastern Canada for October totalled 1,650 cars compared with sales of 2,660 cars in September, a decline of 38.9 per cent, which was largely seasonal. Compared with October, 1931, in which month sales of 2,612 cars were made, the decline was 36.8 per cent, according to an analysis made by The Financial Post, of figures furnished to Canadian Automotive Trade by Might Directories Ltd., Toronto.

Total sales for the first ten months of 1932 were 39,371 cars compared with sales of 64,372 cars in the same period of 1931, a dedecline of 36.8 per cent in sales in October, from the same month of the previous year, was less than the proportionate decline for the whole first ten months of 1932.

Three Makes Gain

Of the fifteen best selling makes, only Ford, Plymouth and Frontenac show gains for the first ten months of 1932 over the same period in 1931. In the case of Frontenac, which was only being introduced a year ago, the gain from 95 to 575 cars sold in the period was more than offset by a decline from 1,737 to 955 Durant cars sold, this being the other leading Dominion Motors product. Plymouth's gain from 2,486 to 2,503 cars and Ford's gain from 9,554, to 9,972 cars during the ten months, while not of large proportions, pay testimony to the radical revisions in style of these makes during the year.

During October, the new Essex terraplane continued to increase sales of this make, which reached 69 cars compared with 43 cars sold in September, thus going strongly against the seasonal trend. Frontenac also defied seasonal influences, selling 84 cars in October as against only 35 cars in September. Pontiac also increased its October sales over the previous month with 113 cars sold as against 101 sold in September.

Chevrolet and Ford, the two outstanding leaders in sales, both suffered substantial declines in distribution of new cars during October. Fords outsold Chevrolets by 353 cars to 302 cars in the month reversing the position of October, 1931, when Chevrolets outsold Fords by 626 cars to 618. The declines in sales of these makes compared with the same month a year ago were 51.8 per cent for Chevrolets and 42.9 per cent for Fords, thus being more than proportionate to the total decline of all cars sold of 36.8 per cent.

Declines in sales for each of the five provinces during the ten months' period have been fairly uniform except in Prince Edward Island where sales fell from 658 cars in 1931 to 217 cars in 1932.

Tabular comparisons of sales of the leading makes and in the five provinces, as shown below, clearly indicate the changes.

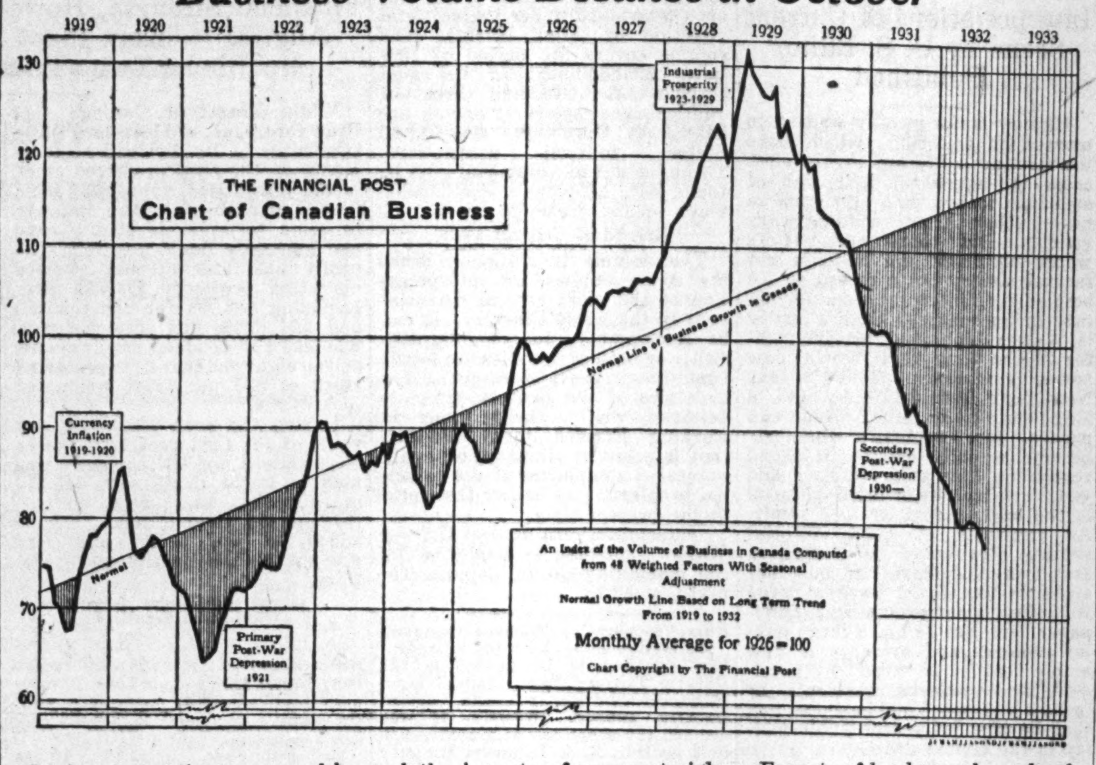
AUTOMOBILE SALES IN EASTERN CANADA
(Fifteen Largest Selling Makes)

	Oct. 1932	Oct. 1931	10 Mos. 1932	10 Mos. 1931
Chevrolet	302	626	10,910	16,952
Ford	353	618	9,972	9,554
Plymouth	69	165	2,503	2,486
Buick	73	144	1,893	2,765
Pontiac	113	101	1,869	3,983
Dodge	27	100	1,224	2,100
Essex	69	43	1,067	1,849
Chrysler	39	57	1,009	1,993
Durant	15	62	955	1,737
De Soto	38	64	917	978
Wyllis	43	47	856	1,289
Studebaker	20	91	790	1,391
Oldsmobile	40	69	673	1,479
Rockne	30	..	607	....
Frontenac	84	35	575	95

AUTOMOBILE SALES BY PROVINCES
(All Makes)

	Oct. 1932	Oct. 1931	10 Mos. 1932	10 Mos. 1931
Ontario	1,123	1,696	25,189	40,015
Quebec	308	494	9,187	14,860
N. B.	72	216	1,921	3,608
N. S.	134	191	2,857	5,231
P. E. I.	13	15	217	658
Totals	1,650	2,612	39,371	64,372

Business Volume Declines in October



Business operations measured by 41 factors with seasonal adjustments showed a decline of 1.4 points in October from the level of the preceding month.

Mineral production made a contribution on the constructive side, and the imports of raw materials by the textile industry indicated greater preparation for manufacturing operations. The output of pig iron and the production of automobiles showed moderate gain, while low levels of operation continued in these industries.

Exports of lumber and wood-pulp showed gains while the increase in the output of newsprint was less than normal for the season. The statistics of external trade indicate moderate gain after seasonal adjustment.

Business Activity Slacker October Figures Reveal

Mineral Production and Textile Imports Gain While Pig Iron Output and Auto Manufacturing Firm — Other Lines Sag

By SYDNEY B. SMITH

Business operations showed a further setback in October compared with the preceding month. While conditions continue quiet, some consolation may be obtained from the fact that resistance against further decline has strengthened and comparative stability has been in evidence for some months.

The decline in the preliminary version of the Financial Post index was limited to 1.4 points during October, standing at 77.8 compared with 79.2 in September. This result emphasizes the fact that the grip of the depression has not been broken. Despite the greater feeling of optimism which rightly permeates the business community, the improved attitude had not in October been translated into a general gain in operations.

Contrast with U.S.A.

According to preliminary compilations, industrial activity after seasonal adjustment in the United States increased slightly in October after rather marked gains in August and September. The record in Canada forms somewhat of a contrast.

The business index is computed from 47 factors and of these 41 were available at the time of going to press. Consequently, it is improbable that the remaining 6 factors will greatly alter the indicated reading. An examination of the components discloses many factors of promise, the movement of the strategic factors being for the most part more favorable than would be indicated by the trend of the main index.

Mineral Figures Gain

Mineral production factors were favorable, exports of copper and nickel showing marked gains over September. Zinc exports showed a gain after seasonal adjustment. The gold mining industry repeated its excellent showing, the receipts at the mint being about $5,200,000 disregarding the premium. Of this amount Ontario led with $4,151,940, and Quebec followed with $791,587. Receipts from Canadian mines including shipments to the mint and to external markets were 273,163 ounces compared with 270,757 in September.

Shipments of silver amounted to 1,935,000 ounces compared with 1,758,000. Exports of the better grades of asbestos were 5,707 tons compared with 3,834 and bauxite imports for the manufacture of aluminum showed a gain after seasonal adjustment. It will thus be noted that all available factors used to indicate the trend of mineral production were favorable in October.

Milling Gain Below Normal

The gain by the milling industry during the current period is not equivalent to the normal increase for the season. The output of wheat flour, however, recently showed a slight gain over the corresponding month of 1931. The slaughtering industry which had been active in September, showed decline after seasonal adjustment during the month under review.

The output of sugar was 106,613,000 pounds in the last four-week period reported compared with 81,917,000 in the preceding period. The export of cheese at 147,757 cwt. showed moderate gain in October. The gain in canned salmon exports was less than normal for the season. Of the ten factors used for the foodstuffs group only two showed a gain after the usual adjustment for seasonal tendencies.

Tobacco Consumption Off

The release of tobacco for consumption took a drop in October, leaf tobacco and cigarettes showing absolute declines, while the release of cigars was less after seasonal adjustment.

In view of the heavy importation of crude rubber in September the drop in October was not unexpected, the comparison being 2,704,000 pounds with 6,204,000 in the preceding month. The latest information in regard to the manufacture of tires indicated quiet conditions with a moderate increase in the current period.

Textile Imports Good

Imports of raw materials by the textile industry reflects greater activity. Imports of raw cotton were 7,029,000 pounds compared with 4,553,000 in September and the imports of cotton yarn showed a considerable increase. Imports of raw wool and wool yarn were 856,827 pounds compared with 534,867. Gains were shown in the three items indicating the trend of activity in the textile industry. Production of leather boots and shoes were 1,470,000 pairs in the latest month for which statistics are available compared with 1,484,000.

While the output of newsprint showed a slight drop in October after adjustment for seasonal tendencies, the export of wood-pulp was greater. The exports of planks and boards and shingles indicated greater activity in the lumber industry.

A gain was recorded by the automobile industry, although operations continued at a low level. The output was 2,923 units compared with 2,342. The production of pig iron at 6,731 tons was somewhat greater than in September, while the output of steel ingots and castings reached a new low point at 17,102 tons. The imports of iron and steel reduced to a physical volume basis by the elimination of the price factor showed a gain contrary to seasonal tendencies. The imports of crude petroleum at 83,449,000 pounds showed a gain over the 76,913,000 pounds of the preceding month.

Construction, Carloadings Drop

The award of construction contracts dropped to $8,875,600 from the $9,645,800 during September despite the fact that a slight gain would have been expected from seasonal tendencies. Building permits at $3,056,000 showed a gain over the amount of $2,203,000 in September.

Subsequent to the heavy grain movement in September, carloadings showed a decline after seasonal adjustment. Receipts of wheat at country elevators and platform loadings were 79,564,000 bushels compared with 120,538,000 in September, indicating that September marked the peak in the primary grain movement for the present crop year. Exports of 40,192,000 bushels of wheat in October however indicate the extent of the traffic and consequent effect on the revenues of the transportation companies.

Both sections of the external trade showed gains in October. Exports valued at $57,160,000 mainly reflected the heavy outward movement of wheat although all major groups showed gains over September. Imports showed a gain for the third consecutive month, seasonal considerations being provided for.

Canadian Business Indicators

Compiled by The Financial Post

	Weekly Latest 1932	1931	Cumulative Jan. 1 to date 1932	1931
Transportation—				
Car loadings (Nov. 12)	44,276	61,458	1,910,264	2,244,179
C.P.R. gross earn. (Nov. 14) $	2,380,000	$ 3,361,000	$ 108,279,000	$ 128,620,000
C.N.R. gross earn. (Nov. 14) $	2,689,017	$ 3,642,708	$ 126,892,645	$ 155,924,529
	Monthly			
C.P.R. net earn. (Sept.) $	3,722,576	$ 3,099,854	$ 10,531,370	$ 12,792,166
C.N.R. net earn. (Sept.) $	2,828,833	$ 1,387,081	$ 6,200,117	$ 3,565,770
Iron and Steel—				
Pig iron, tons (Sept.)	5,709	17,585	96,219	380,322
Steel, tons (Sept.)	23,139	33,390	257,843	582,855
Automobiles prod. No. (Sept.)	2,342	2,646	53,550	77,495
" exports, No. (Sept.)	1,717	787	7,942	13,044
Construction—				
Building permits (Oct.) $	3,056,137	$ 8,442,627	$ 35,396,886	$ 97,045,622
Contracts (October) $	8,875,600	$ 28,789,200	$ 118,510,400	$ 279,582,500
Newsprint—				
Production, tons (Oct.)	157,506	184,252	1,609,090	1,876,982
Exports, tons (Oct.)	148,934	171,030	1,486,197	1,675,252
Sugar—				
Imports, raw, lbs. (Sept.)	57,911,500	71,618,900	577,924,500	611,626,900
Melt. & ship., lbs.*	92,239,204	83,955,260	661,401,963	686,964,423
Manufactured, lbs.*	106,613,372	96,184,968	656,614,187	674,309,039
Flour—				
Production, bbls. (Aug.)	1,272,009	1,333,287	8,406,428	9,301,068
Wheat flour exp., bbls. (Sept.)	385,113	556,565	3,534,100	4,210,968
Other Industrial Indices—				
Lumbering: Plank & board exports, mill ft. (Oct.)	55.25	81.26	590.21	812.90
Boots & shoes, pr. (Sept.)	1,723,202	1,672,437	13,940,630	13,735,242
Petroleum, imp. crude, gal. (September)	76,913,048	96,534,568	721,878,603	765,072,912
Cotton, imp., raw, lbs. (September)	4,553,000	4,999,000	61,132,000	60,334,000
Rubber, raw, imp., lbs. (Sept.)	6,204,026	3,428,177	38,473,961	44,819,185
Coal, imports, tons (Sept.)	1,296,274	1,484,059	7,939,816	9,583,374
Gasoline sales, gals. (July)	51,331,000	66,795,000	264,751,000	297,475,000
Trade—				
Imports (October) $	37,094,525	$ 45,932,572	$ 385,883,998	$ 540,897,579
Exports (October) $	56,626,095	$ 55,537,917	$ 405,356,022	$ 494,593,577
Wheat exports, bus. (Oct.)	40,192,415	18,925,303	173,182,780	145,117,574
Labor—				
Employment Index (Oct.)	86.7	103.9	....	....
Electric Power—Output—				
M. Kilowatt hours (Sept.)	1,279,136	1,288,413	11,613,427	12,107,854
Finance—				
Failures, No. (Sept.)	192	165	1,792	1,581
Failures, Liabilities (Sept.) $	2,979,544	$ 5,166,575	$ 30,012,931	$ 32,881,623
Bank debits† (Sept.) $	2,097,931	$ 2,450,545	$ 18,926,189	$ 23,519,655
Bond sales (Oct.) $	22,546,105	$ 1,048,629	$ 294,132,908	$ 387,903,879
Insurance sales (Oct.) $	29,858,000	$ 36,006,000	$ 336,437,000	$ 403,289,000
Automobile Financing:				
Used cars (Sept.) $	959,221	$ 1,374,500	$ 10,805,763	$ 17,565,601
New cars (Sept.) $	941,610	$ 1,239,434	$ 11,010,252	$ 17,740,962

*Four weeks' period, Sept. 17 to Oct. 8.
†(000's omitted).

New Industries and Plant Extensions in Canada

Compiled Weekly By The Financial Post

Vick Chemical Co. has incorporated a Canadian branch and has started operations at Windsor, Ont. The plant is located in the building of Sterling Products Ltd. on Elliott St. W. and will manufacture a patent remedy for colds.

National Cellulose of Canada Ltd., an affiliation of the National Cellulose Corp. of Baldwinsville, N.Y., has leased space at 579 Richmond St. E., Toronto, to manufacture cellulose products, facial tissue and paper products.

Pumps and Softeners Ltd. has been formed in London, Ont., with a capital of $50,000 and is manufacturing water softeners and electrical pumping systems for farm and suburban homes.

Stedman's Foundry & Machine Works of Aurora, Indiana, have made arrangements with John T. Hepburn Ltd., of Toronto, whereby the Toronto firm will produce the principal Stedman lines for the Canadian and other British markets.

Commodity Prices

Commodity Prices
Current Prices at Wholesale‡
(N. Y. unless otherwise stated)

	Week ending Nov. 19	Previous week	Last year
Cattle (cwt.) (Toronto)	$4.50	$4.35	$6.25
Copper, lb.	.05375	.0525	.06½
Cotton, lb.	.0625	.0655	.0610
Rubber, lb.	.0337	.0354	.0449
Silk, lb.	1.57½	1.70	2.27½
Sugar, raw, lb.	.0308	.0315	.0330
Wheat (Man.) bu.	.47⅛	.47¾	.66⅜
Hides, lb.	.06½	.06⅛	.08¼
Coffee, lb.	.08¼	.08	.06⅜
Weekly Indices*			
N. Y. Annalist	88.8	88.9	102.2
Fisher's	60.4	60.3	†72.6
N. Y. Journal of Comm.	58.2	58.7	64.7
Crumps (Brit.)	63.1	62.7	†64.9

*N. Y. Annalist base, 1913; others, 1926.
†Average 1931.

Monthly Indices

	Latest	Prev. Month	Last Year
Canada (D.B.S.) w'sale (Oct.)	65.0	66.9	69.9
Retail (Oct.)	80.4	81.0	89.6
U. S. Labor (Sept.)	65.8	65.2	71.2
Gt. Brit. (Sept.)	68.9	67.2	67.0

‡Basis of price quotations is as follows: cattle—steers, good, over 1,050 lbs., top price, Toronto; copper—electrolytic, New York; cotton—middling upland, New York; rubber—smoked sheets, spot closing, New York; silk—Japanese, 13-15, New York; sugar—96 degree centrifugal c/f. New York; wheat—No. 1 Man. North., Ft. W.-Pt. A. basis; hides—heavy native steers; coffee—Rio, No. 7, spot, New York.

ONTARIO VALUES ITS FIELD CROPS AT $114,073,408

Decline of 8.9 Per Cent in Total Value Compared With 1931

Although prices received for field crops in 1932 have been generally below those of 1931, total value of such production in Ontario during the year was only 8.9 per cent below the 1931 total, being $114,073,408 compared with $125,221,100 in 1931, according to the preliminary estimate for 1932 and final estimates for 1931 issued by the Ontario Deparment of Agriculture.

Improvements in prices were largest for beans and potatoes, both of which showed substantial reductions in total production in 1932. Acreage of beans was materially reduced, and this combined with a lower yield per acre explains the lowest production. Potato acreage was reduced by seven per cent and dry rot caused a drastic reduction in yield from 119.1 to 89.3 bus. per acre compared with the previous year.

Late Crops Good

Late crops such as sugar beets, turnips, mangolds, corn and buckwheat had favorable growing weather during the fall and yields are exceptionally good this year. Hay and clover crops also yielded well except in the east, where growth was checked by midsummer drought.

Fall wheat yield per acre is now estimated at 28.4 bus. and oats at 32.9 bus. Lodging of fall wheat had a deteriorating effect on yield, and unfavorable seeding weather and heat during filling time reduced the oat yield in Southern Ontario.

Fall plowing is now reported as 68 per cent complete compared with 71 per cent at the same time last year. New seeding of fall wheat and fall rye are equal to 98 per cent of the 1931 sowings. Condition of such sowings compared with the long-time average is 98 per cent for fall wheat and 96 per cent for fall rye. Of total land intended for next year's crop, 69 per cent has been plowed.

Comparison of values of crops having the greatest value are shown below:

Value of Leading Field Crops in Ontario

	1932* $	1931† $
Hay and Clover	32,005,701	38,906,045
Oats	19,234,985	19,499,057
Alfalfa	11,526,413	9,816,770
Mixed Grains	11,130,253	12,510,754
Fall Wheat	7,002,304	7,747,787
Fodder Corn	6,443,515	9,206,108
Potatoes	5,443,460	4,735,770
Barley	5,366,094	4,898,775
Sweet Clover	3,696,557	4,519,783
Husking Corn	2,282,356	2,157,322
Turnips	2,038,080	2,348,912
Sugar Beets	1,748,250	1,967,394
Buckwheat	1,620,770	1,551,607
Mangolds	1,022,688	1,185,550

*Provisional estimate.
†Final estimate.

Business Briefs

Failures under the Bankruptcy Act for the week ended Nov. 12 numbered 61 compared with 60 in the corresponding 1931 week. Failures for the year to Nov. 12 are 1,902 compared with 1,828 in the same period of 1931.

Car loadings for the week ended Nov. 12 were 44,276 cars compared with 45,530 cars in the corresponding week of 1931, and the index number for loadings rose from 57.56 to 63.25, partly accounted for by liberal allowance for the Nov. 11 holiday. Merchandise loadings were 12,228 cars for the week compared with 15,130 cars in the same period of 1931. Loadings of grain were 10,207 cars compared with 14,668 cars in 1931.

Wheat Stocks of Canadian grain on Nov. 11 were 242,943,768 bus. compared with 242,304,042 bus. a week before and 176,186,462 bus. on the same day in 1931.

Wheat Exports for the week ending Nov. 11 were 6,241,786 bus. compared with 6,368,761 bus. for the previous week and 3,878,895 bus. in the corresponding week of 1931.

Prairie Farms' Wheat Returns Up $12,244,673

A total increase of $12,244,673 in net money value to farmers in the three Prairie Provinces of wheat delivered at country stations, during the three months of the current crop years ending Oct. 31, is indicated in returns by railway subdivisions, prepared by the W. Sanford Evans Statistical Service of Winnipeg.

Total value of wheat deliveries in the period Aug. 1 to Oct. 31 was $68,738,786 for 216,786,000 bus. compared with a value of $56,494,113 for 136,942,000 bus. in the same period of 1931 and $108,735,136 for 182,154,000 bus. in the same 1930 period.

The gain in returns to farmers by provinces were $3,786,546 in Manitoba, $6,923,377 in Saskatchewan and $1,534,849 in Alberta. The relatively smaller gain in Alberta is due to the fact that there was a relatively smaller decline in the Alberta crop last year.

Returns to Manitoba farmers in the three months' period were $12,107,516 compared with $8,320,970 in 1931 and $21,029,088 in 1930. Farmers in Saskatchewan received $30,746,018 in the 1932 period compared with $23,822,741 in 1931 and $49,117,858 in 1930. Alberta farmers received returns of $25,885,251 this year compared with $24,350,402 in 1931 and $38,588,188 in 1930.

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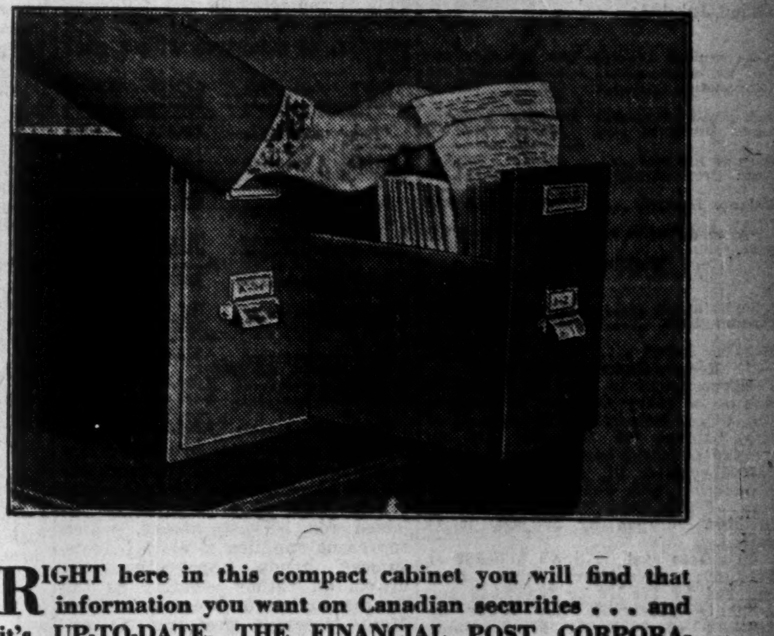

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Published by
THE MACLEAN PUBLISHING CO. LIMITED
143 University Ave., Toronto 2

MONTREAL, Southam Building, Murray R. Chipman, Eastern Manager; John E. Langdon, Eastern Editor. GT. BRITAIN, London, The MacLean Co. of Great Britain, Ltd., 2, 3 and 4 Cockspur St., London, S.W. 1. E. J. Dodd, Director. Telegraphic address, Atabek, Lesquare, London.

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TORONTO, NOVEMBER 26, 1932

SOCIAL INSURANCE

ADVOCATES of unemployment insurance and other social insurance schemes in Canada will do well to heed the well-considered comments made last week at the annual meeting of the Canadian Life Insurance Officers Association at Toronto.

In his presidential address, G. Cecil Moore, assistant general manager of the Imperial Life Insurance Co. struck at the very heart of this problem when he stressed the need of qualified actuarial advice "to guard against the pitfalls which await the uninformed," and the importance of utilizing this advice before such schemes are put into operation rather than calling on it to suggest remedies after the funds have got into difficulties as has so often been the case in the past.

An inherent handicap of social insurance schemes as Mr. Moore points out, is that for many years from the inception of the plan there is a rapid accumulation of assets, notwithstanding the fact that payments into the fund may eventually prove quite inadequate to meet the benefits provided. This rapid accumulation of the visible and tangible assets of the fund gives a misleading air of prosperity to the understaking and in many cases lulls those charged with its administration into a false sense of security, from which they awaken only when the fund is hopelessly insolvent. "We have only to look at past history to realize how often these schemes have been started on a wrong basis and carried along for many years with no appreciation of how much more rapidly the liabilities were accumulating than the assets," said Mr. Moore. He continued:

"We feel we are speaking directly in the interests of the Canadian public when we say that in the future no social insurance or pension scheme in Canada, whether dominion, provincial or municipal, should be inaugurated or carried on without experienced and competent actuarial advice and that in all present schemes where such actuarial guidance is lacking, it should be immediately sought. This is because in setting up and maintaining any of the social insurance or pension plans just referred to, the experienced actuary will apply correct and time-tested principles in analyzing all available statistics.

"He will make sure that the scheme is sound mathematically, that proper provision has been made for all accruing as well as accrued liabilities, that the payments into the fund are adequate for the obligations being incurred, and last, but not least, will use his best judgment in making certain that the scheme is harmonious in construction and workable and sound from the stand-point of the human relationships involved."

An equally sound and constructive viewpoint was expressed at the same meeting by H. H. Wolfenden, an independent Toronto actuary and keen student and author on social insurance matters, who pointed to the need of educational effort, close scrutiny and fearless thinking on the part of the general public to distinguish between real insurance plans, individual savings schemes, methods of non-contributory compensation and those of mere relief. "The urgent necessity of controlling the many ingenious devices by which the thoughtless seek to shift the personal burden to the shoulders of other persons or the state," he said, "is fundamentally important in all these types of schemes as indeed it is essential to the success of all constructive human effort." Mr. Wolfenden urged more careful exploration of the possibilities of encouraging the individual first of all to make systematic provision for himself, instead of the government's function being assumed to lie in the inauguration as well as the unlimited support of plans to which the individual contributes almost as an afterthought.

Development along various lines of social insurance will probably be one of the most important social and economic contributions of the present decade and there is little question that some type of national unemployment insurance scheme will be presented to parliament during the lifetime of the present government. If this and other schemes are to be developed along sane and satisfactory lines, it is essential that the invaluable advice of Canada's actuarial experts be obtained and accordingly the opinions set forth at the life officers' meeting deserve the widest possible publicity throughout the dominion.

RAISING MONEY IS DIFFICULT

LAST week an article in The Financial Post listed four reasons for the comparative failure of the $80,000,000 Dominion loan which had to be shut off at that figure without proceeding to the $105,000,000 objective which the government really had in mind.

A fifth important reason might be emphasized in addition. Investors become timorous when they are asked to purchase the securities of a government that is not balancing its budget and that instead of striving to the utmost to balance its budget is continuing to put government money and credit behind all sorts of schemes to create prosperity artificially.

The recent British conversion loan would not have been the remarkable success it was had it not been preceded by the most drastic curtailment of government expenditures bringing a balanced budget within sight of attainment. But there is no early prospect of a balanced budget for Canada. Under these circumstances we cannot blame anyone but ourselves if our national bonds meet a cool reception.

It is doubtful if even the supersalesmanship of cabinet ministers, who used the long distance telephone to importune large institutions to get behind the loan, would have brought the sales even to the $80,000,000 figure reached if the Prime Minister had made his revelations about the loss on wheat speculation two weeks earlier.

DR. CLARK'S VIEWS ON MONEY POLICY

THE Edmonton Journal has been looking up the views of Canada's new deputy minister of finance, W. C. Clark, on monetary and banking problems. It finds that a year ago he contributed an article to the Queen's Quarterly in which he discussed the aid our export industries might receive from the depreciation of the dollar and in which he suggested that we would be in a stronger position if we had central banking machinery properly equipped and definitely responsible for the control of credit in all emergencies of this character. He considered the present tradition of division of responsibilities between the banks and the government, and the lack of special equipment or traditions in the department of finance, to be thoroughly anomalous.

While Canada's recent experiment in reflation was inaugurated at almost the exact moment that Dr. Clark took office, there seems little doubt that it had been discussed with him before he took up his official duties at Ottawa. Primarily Mr. Bennett gave Canada some inflation because the rise in our dollar was damming up the export flow of Canadian wheat. But behind this immediate reason there must have been in the mind of the prime minister a profound conviction of the need of reflationary measures for business purposes. As this conviction did not exist some months ago, it is reasonable to assume that Dr. Clark put it there.

Under the régime of the new deputy minister of finance there will probably be an attempt to regularize the monetary and banking control and operations of the department of finance. This would be a step forward if it were to be undertaken with a desire to preserve the best traditions of Canadian banking and finance rather than in an attempt to effect sweeping changes over night.

That there is some need for changes is evident. Canada has, for instance, certain rediscounting arrangements in which the department of finance fulfils the function of a central bank. The request for advances from the government are nominally passed by the treasury board, a committee of the cabinet. But on this treasury board there seldom sits any one equipped by training or background to perform the functions that in Britain are performed by the chairman of the Bank of England and in the United States by the governor of the Federal Reserve Board. Thus, the rediscounting is more or less automatic and without regard for what should be Canada's credit or monetary policy.

In many other directions, the department of finance machinery can be improved under the direction of an able economist, such as Dr. Clark.

FUNDAMENTAL FACTS IN TAX PROBLEM

BUSINESS men's organizations that set themselves out to have taxes reduced will never get very far by merely publishing figures of the rate of increase in governmental expenditures and confining themselves to that. They must get to the roots of the tax problem and while these roots include extravagance, inefficiency and even some graft, the one from which the tax plant really derives its life is something quite different. Taxation in the post-war era is nothing more nor less than a method of effecting redistribution of wealth.

It will perhaps clarify our thinking somewhat if we think of three different types of governmental expenditure. There is expenditure on account of the cost of government, public defense, administration of justice, etc., functions that everyone agrees belong to the State. Then there is the expenditure of revenue from special taxes imposed for specific purposes, such as motor vehicle taxes for highway purposes, where the state is merely a trustee for a restricted group of citizens. Such fees should not really be considered as taxes at all.

The third group of taxes embraces those that are necessarily imposed to raise money for governmental activities undertaken under the influence of modern social thought. The largest proportion of the rise in taxation in the war and post-war years is traceable to this group of activities.

Taxation has become a means for the redistribution of wealth. When the state frees a publicly-owned utility from taxes in order to reduce lighting rates to workingmen it has to find a way to replace the lost tax money by some sort of tax on wealth. When it goes in for pensions to aged people, free hospitals for the infirm, free advanced education for all, it assesses the cost upon business and capital through income taxes, inheritance taxes, etc. There is nothing to this process but a definite application of the socialist principle of equalization of wealth and opportunity.

Much of the campaigning against rising taxes has been wild shooting. Business men have felt that there was an enemy there but they have not seen quite clearly enough to fire directly at him. The job now is to locate and define the source and inspiration of the tax enemy. It is in Socialism and it will not be a long step from our present system of using up our reserves of capital to give to the so-called underprivileged to an outright system of either Socialism or Communism.

In dealing with the tax problem, then, business men must recognize that they are dealing with a fundamental social movement and not with the ineptitude of a small coterie of civil servants. If they keep this in mind they will be able to launch their offensive more intelligently, assuming, of course, that they want to get their taxes cut once they discover why they have risen. For the business man who believes that Socialism is a good thing has no right to kick about his tax bills. That is what he is paying for.

RUN UP COSTS

DOMINION government's survey of education in Canada in 1931 reveals an increase of 2.1 per cent in attendance at schools and 8.1 per cent in school expenditures.

The depression has had the effect of crowding the secondary schools. Boys and girls leaving public school have had difficulty getting jobs and have continued in school to keep themselves occupied and to fit themselves for larger work in life.

The cost of secondary education is higher per pupil than the cost of primary school education and thus. It is the increase in secondary school attendance that has caused the educational bill to roll up at a period when it should have been coming down.

But this natural result of unemployment has merely intensified a condition that has prevailed for a number of years. With compulsory school attendance ages being raised, with more and more firms insisting upon the matriculation certificate as a prerequisite to granting a job, with the curricula of secondary schools being widened each year, the cost of education has been steadily rising for some years. Provincial expenditures on education have grown from $10,000,000 annually to $34,500,000 annually in the last 15 years, yet the provincial share of expenditures on publicly controlled schools represents only about 15 per cent of the total, the balance being put up by the municipalities and by the pupils in these schools where small fees are charged. It is only fair to point out that the rate of advance in provincial educational expenditures has not been greater than the average rate of advance on all items of public expense but this is beside the point, the chief thing to be noted being that the country cannot afford to continue spending money on education at even the present rate, much less at a steadily advancing rate.

In bringing down school costs attention need not first of all be focussed on public school costs or on teachers' salaries. The great problem lies in the field of secondary education, designed to cram the heads of the older children of the land with a mass of factual data that is in a large percentage of cases rather indifferently received and of doubtful value in after life.

In Canada's present financial position serious consideration must be given to the idea of completely altering the basis of charging fees in secondary schools in order that this branch of education should be made largely self-supporting, the state contributing largely only to the most promising scholars through some system of scholarships to be established after careful study.

WEAKENS HIS CASE

AN INTERESTING and illuminating example of how not to go about the business of seeking reform is provided in the case of Judge Stubbs, of Winnipeg. Judge Stubbs won a great deal of sympathetic attention in all parts of Canada by his comments upon certain weaknesses in our system of law enforcement and penal justice. He may have gone too far, that is a matter of opinion, but in any event he incurred the displeasure of political authorities and was told he would be "investigated."

With that announcement, Judge Stubbs threw reasonable caution and judgment to the winds and began to speak and act like a man campaigning for political office. He has alienated a large body of the public opinion that had begun to watch carefully for his views.

There is a dividing line between the practical reformer and the fanatical evangelist that Judge Stubbs has failed to recognize.

Newest political conundrum: Is Mr. Hoover called upon to carry out his own promises between now and March 4 or should he do the things the people voted for?

POST-scripts

REPORTS indicate that there is some domestic manufacture of clothing in the vicinity of Onaway, Alberta. Raw wool, ordinarily sold at 3c a pound, is being washed at home and sewn between flour sacks to make bedding, and the old fashioned spinning wheel is being used to prepare yarn to make socks, mitts, sweaters, caps and underwear.

CARROT RIVER VALLEY at The Pas, Man., which is some 350 miles north of the International Boundary at about 54 degrees N. Latitude, is now a full fledged agricultural producer.

This, the latest addition to Canada's agricultural areas, has shipped five carloads of vegetables to Churchill on Hudson's Bay this year and has sent the same quantity to Flin Flon during the season. Smaller quantities have been shipped to other points located along the Hudson's Bay Railway. The shipments included potatoes, cabbages, beets, turnips, parsnips and, of course, carrots.

THE editor of The Efficiency Magazine, of London, Eng., is Herbert N. Casson, a Canadian. We assume then that Mr. Casson did not see this item before it got into print:

"The names of three political follies are Washington, Ottawa and Canberra—the seats of Government in the United States, Canada and Australia.

"All three are merely political cities, misplaced. They have become hotbeds of politics.

"The capital of the United States ought to be either New York or that central city—Indianapolis.

"The capital of Canada ought to be Toronto. Ottawa is 300 miles out of the way, in the frozen north.

"The capital of Australia ought to be Sydney or Melbourne, I would not dare say which.

"Canberra cost £9,000,000 of borrowed money. It is a wonderful city of white stone and beautiful gardens. But it is 100 miles from the sea.

"It is not a wise plan to put a Government in a town of its own. How absurd it would be to put our Government in the Lake District, or to put the German Government in the Black Mountains!"

Other People's Views

(The Canadian People)

The Vancouver Province.—The basic strain in Canada's population is, of course, Anglo-Saxon. The secondary strain is French. But there are innumerable other strains, German, Scandinavian, Italian, Polish, Russian, Czechoslovakian. They all bring something to Canada, some vigor which has preserved them throughout the ages. They bring their languages, their customs, their arts, perhaps traces of their institutions. And we set to work immediately upon their arrival to smother out everything they bring and make them over into Canadians. Are we wise in doing this? Are we not in too much of a hurry to extinguish all the racial characteristics of our new settlers? Do we not make trouble for ourselves with our hurry, as in the case of the Doukhobors? And do we not lose something in richness and variety and picturesqueness and interest? The value of the French-Canadian strain, which a happy accident has preserved and developed, should be a signpost for us. The rather indifferent success which the United States has had in throwing everything into the melting pot, might prove a warning.

Canada And Her Wheat

Vancouver Province.—If anyone in Western Canada wishes to know why he has less money to spend this year than he had in 1928, he may find the reason by studying the following table from Hansard showing the wheat and wheat flour exported from Canada annually since 1924:

Year ending March 31	Quantity in bushels	Total value	Av. export price per bushel
1924 ...	309,587,417	$330,541,677	$1.07
1925 ...	241,396,059	322,304,536	1.34
1926 ...	295,061,853	434,051,986	1.47
1927 ...	294,162,155	421,815,274	1.43
1928 ...	308,144,918	411,996,452	1.33
1929 ...	421,785,327	493,642,105	1.17
1930 ...	212,529,189	261,210,670	1.23
1931 ...	249,724,883	210,296,003	0.84
1932 ...	215,677,763	134,636,926	0.62

As the Minister of the Interior stated in the House of Commons, the other day, the economic structure of Canada is built up, to a large extent, on the production and export of wheat, and when the profit is taken from the wheat industry, the whole country feels it. Canada, the figures quoted above show, got for her wheat, in the last fiscal year, less than 30 per cent of what she got in the year ending March 31, 1929.

(Maritime View of Empire Pacts)

Maritime Merchant.—The prospect of immediate benefit to the Maritimes from the Empire trade agreements are not such as to arouse any degree of enthusiasm. It does not appear that the flow of grain through Halifax and Saint John will be large during the winter, although there should be more package freight inward. So far as lumber is concerned, the British market is heavily stocked with the Russian product and the treaty with Russia has nearly three months to go. In New Brunswick the Government cut the stumpage rates in two, but the lumbermen, with heavy stocks on their hands, are not disposed to enlarge their operations to any great extent. As far as other products are concerned, whether of the farm or the fisheries they are not available in sufficient supply, with the exception of apples, and of potatoes if the embargo is lifted, to figure at present in the export trade. All that can be said at the moment is that the market is available but we are not yet in a position to take advantage of it. No doubt some benefit may be derived here and there and a beginning made, but the initiative lies with ourselves. That is the point that needs to be emphasized. Many countries are now seeking trade agreements with Great Britain. Even with a preference existing the competition will be keen; hence, while immediate prospects of benefit may be meagre the resources and the seaboard location of the Maritimes afford the people great opportunities for the future. With that fact in mind this is not a time for discouragement but for greater confidence such as inspires a people to go forward and lay the foundation of a prosperous future business. Lord Reading has very wisely said that it is the spirit animating the people of the different parts of the Empire rather than the letter of these first agreements made at Ottawa, upon which we have to rely. The denunciation of the Russian Treaty is a guarantee of good faith on the part of Great Britain. There are obstacles to overcome, so far as the entry of the Maritimes into the British market is concerned, but they are obstacles we can ourselves remove. That is the task to which we must set ourselves with intelligence and energy and a confidence that will not be denied.

"Stop Me If You Have Heard This One"

"The doctor coughed gravely. 'I am sorry to tell you,' he said, looking down at the man in the bed, 'that there is no doubt you are suffering from smallpox.'

"The patient turned on his pillow and looked up at his wife.

"'Julia,' he said in a faint voice, 'If any of my creditors call, tell them that at last I am in a position to give them something.'"

The World at Large

An Occasional Department Discussing World Economic Affairs That Affect Canada

By F. S. C.

CONFERENCE POSTPONED

IT NOW seems likely that the world economic and monetary conference, which was to have met in London in January, will be postponed until April. There are two factors in the postponement. One is the fact that the United States Congress is likely to move very slowly in the matter of adjusting or even considering the war debts due from Great Britain, France and other countries and most certainly would not arrive at any settlement in time to permit the conference to go on in January. Another reason is the fact that the experts of the League of Nations who have been working on the conference preparing basic material for consideration, have gotten themselves so involved in an argument on the merits of the gold standard that they have failed to draft any useful points for the agenda.

* * *

ATTITUDE of the United States congress on the war debts question is not easy to forecast, but it seems likely that an appeal to self interest, with offers of trade concessions, arms reduction, etc., will lead to some settlement of these debts that will remove from the economic scene the most dangerous features inherent in them.

There can be little doubt that the stability of the British financial position depends in no small measure upon the order of settlement. Great Britain requires a war debt settlement not because she selfishly desires it, but because she simply cannot pay the debts and would have to default the December payment if some arrangements were not made to suspend it.

There is little use in going into the world economic conference without the war debt question out of the way. If, on the other hand, the question can be reasonably settled, say to the degree that the reparation question was settled at Lausanne, the economic conference can devote itself to a number of other important financial problems world-wide in character and find some basis for concerted action in the direction of recovery.

* * *

PRIME MINISTER RAMSAY MACDONALD was reported as being thoroughly disgusted with the muddles and misunderstanding of the Preparatory Committee sitting under the auspices of the League of Nations at Geneva in advance of the world economic conference.

Geneva despatches indicate the preparatory experts have gotten themselves entangled in an academic debate on the gold standard.

This bears out what has been charged alleged by The Financial Post on many occasions, that in certain of its functions the League of Nations permits itself to be turned into an international debating society conducted at tremendous and steadily gaining expense. There seems to be two sides to the League of Nations' work; on the one hand, the actual technical work in connection with the finances and economic problems of the individual countries and in the management of local problems. And then on the other hand there is the larger arena in which the game of international politics is played on a high scale. Probably in this work the League has done more harm to world peace and recovery than good.

The Gospel of Spending

New York Times

Some time ago a little band of economists, including the inevitable and infallible John Maynard Keynes, in a joint letter to The London Times put forth the theory that it was the duty of both private individuals and public authorities to spend freely. Shovel out the money, and so quicken trade and relieve unemployment. Several other economists united in a protest against the doctrine of economic salvation by means of getting further in the hole. There has been a great deal of discussion of the subject in England. Laying the cornerstone of a new savings-bank building in Birmingham, Mr. Neville Chamberlain, Chancellor of the Exchequer, found the aptest of occasions for giving his views on the matter.

He discarded theory for common sense. There is a clear distinction between the duty of private persons and public bodies in the matter of expenditure. The money for public expenditure, whether local or national, has to be raised by rates and taxes. The higher these are, the less money the private person has left to spend. He was convinced that the public authorities have spent altogether too much in proportion to the resources of the only people from whom they could get any money—those who had investments or employments. The advocates of spending suggested that money should be raised by increased taxation to provide such things as swimming baths, libraries, museums. In the present circumstances Mr. Chamberlain held that public expenditure should be concentrated on essentials. "Amenities" were luxuries that could be indulged in only in good times. In hard times it was better to let the private individual spend money on amenities rather than to insist on spending by public authorities. He wouldn't take it upon himself a lay down any rule for that private individual:

"Use your own common sense and apply it to your own individual circumstances; do not abstain from spending, if you can afford to spend, under the mistaken idea that you are performing a public service by keeping your money lying idle in the bank. On the other hand, do not feel any qualms of conscience or feel you are doing wrong if you put a little bit aside, even today, for it may be in that way you are helping to preserve the stability of the country."

On the same day Sir Robert Kindersley, president of the National Savings Committee, opposed the proposal of the Keynes economists to increase expenditure by public bodies. So far as individuals are concerned, he believed that men and women were spending less only because they had less to spend. In spite of the lean years, he thought it probable that never in the history of Great Britain had its people spent more on recreation and amusement than today. So Mr. Keynes and his fellow-gospelers look a little queer. The average man needs no encouragement to get rid of his money if he has any. But the proverbial "drunken sailor" is a hunks compared with the official bigwigs and littlewigs bent on stripping the taxpayer's pocket.

New Books

Canadian Trade Abroad

The November issue of Canadian Trade Abroad features the results of the Imperial Economic Conference. This is the second number of an attractive looking periodical described as "A Guide to Canada for Buyers Throughout the World." An article of particular interest to British and foreign buyers is one prepared by J. B. Spencer, director of publicity of the federal department of agriculture on "Canada's Inspected and Graded Exports." Other articles discuss the West Indies trade and the world wide distribution of Canada's leather industry. Regular features of the magazine are a Buyer's Guide and a list of Canadian agencies that are open abroad.

It sells for 50c a copy with an annual subscription price of $3. It is published by the MacLean Publishing Company Limited.

As Others See Us

Central Bank for Canada

Edmonton Journal.—The central bank proposals require careful study. That is brought home by a series of articles now running in The Financial Post, written by Mr. A. F. W. Plumptre, lecturer on money, credit and prices at the University of Toronto. He holds that it is unsafe to assume the suitability of such a system for Canada because it has been adopted elsewhere and points out certain dangers that it entails. At least he succeeds in making plain the necessity of proceeding cautiously.

A Policy of Retrenchment

Brantford Expositor.—In the recent silver anniversary edition of The Financial Post, in congratulating this weekly newspaper on its quarter of a century of service Sir Herbert S. Holt, president of the Royal Bank of Canada, and president of the Montreal Light, Heat and Power Concerns, wrote as follows:

"I congratulate The Financial Post on its twenty-fifth anniversary for the impartial and constructive policy it has pursued from its inception; on the sound advice given in all financial matters, and its fearless and fair criticism of governments, federal, provincial and municipal, also of corporations, institutions and individuals where it considered it was necessary. I sincerely hope it will continue this policy in the future, for there never was a time when it was more urgent than the present when the burden of our numerous and enormous taxes is so onerous, caused largely by the excessive cost of running far too numerous governments, which should be reduced and made more efficient."

Sir Herbert Holt is one of the foremost financiers in the Dominion. He is a man of sound judgment and keen insight into the trend not only of financial matters, but also of public affairs, and his statement that "there never was a time when it was more urgent than the present, when the burden of our numerous and enormous taxes is so onerous, caused largely by the excessive cost of running far too numerous governments, should be reduced," certainly confirms what newspapers all over the country have been saying. Sir Herbert is undoubtedly on the right line. The business concerns of this country cannot endure to be burdened with taxation as they are at present. It has slowed down the wheels of industry and caused trade and commerce to be stagnant in channels where previously it moved freely. The wisest business men on the North American continent have said again and again that if governments would get off the back of business, it would speedily recover.

There must be radical reductions in the staffs and various departments of governments, federal, provincial and municipal, that will make drastic retrenchment in expenditure possible. The sooner this policy is put into practice the sooner will there be a recovery of industrial and commercial prosperity. Have present governments the courage to adopt this policy, and have the taxpayers of the country the determination to insist that it shall be done?

Leather Footwear Output Higher

The production of leather footwear in Canada in September amounted to 1,723,202 pairs, an increase over the preceding month of 14,843 pairs and an increase over September 1931 of 50,765 pairs. The cumulative production for the nine months ended September 30th was 13,940,630 pairs, or an average per month of 1,548,959 pairs, compared with a total of 13,735,242 pairs and a monthly average of 1,526,138 pairs for the corresponding period of 1931.

Montreal Real Estate Values

The value of real estate in the City of Montreal, as determined by assessors in their valuation between May and September, reaches $1,299,306,817, with tax-exempt property $311,097,599 and net taxable valuation $988,209,218.

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Alberta Coal Output Gains

Alberta's coal output for September was 432,886 tons, as compared with 422,980 for the same month last year. Not only did the production for the first fall month show a fair advance over the 1931 figures, but that for the entire year, to Sept. 30, is also well ahead of the corresponding nine months of last year. The 1932 figures are 3,089,224 tons, as against 2,933,839 in 1931, an increase of 155,385 tons.

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EDMONTON and Winnipeg - - $2.00; " Toronto - - - 6.25; " Halifax - - - 8.50
REGINA and Victoria - - $3.50; " Toronto - - 4.75; " Montreal - - 5.50
WINNIPEG and Vancouver - $4.50; " Sydney - - - 6.25; " Halifax - - - 6.25
TORONTO and Vancouver - $7.75; " Saint John - 2.55; " Halifax - - - 3.50
MONTREAL and Vancouver - $8.25; " Edmonton - 6.75; " Halifax - - - 2.40
SAINT JOHN and Edmonton - $7.75; " Winnipeg - - 5.50; " Quebec - - - 1.30
HALIFAX and Vancouver $10.00; " Calgary - - - 8.75; " Ottawa - - - 2.80

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THE TRANS-CANADA TELEPHONE SYSTEM

Business Conditions in Canada

The Week in Business

Cold Weather Aid to Retailers

October Index in New Low Ground

U. S. Situation Unchanged

A SHARP spell of cold weather has proved a welcome stimulus to many lines of business in the past week. Retail stores found themselves in many cases unprepared for the sudden onslaught of snow and wintry winds but were nevertheless glad to see prospects of an early, rigorous winter season which (much as it will be unwelcome to those who find themselves unemployed or lacking in food and clothing) will prove a stimulus to the manufacture and distribution of winter merchandise — a stimulus which has been considerably lacking for the past three years which have been notable for their mildness.

Such stimulus from the consumer side of the business equation is all the more welcome since there is as yet little or no indication of improved demand in the heavy or basic industries.

* * *

THIS is clearly shown in the publication this week of the regular monthly index of business compiled by The Financial Post and which showed even more weakness than had been anticipated. For five months now this index which is based on 47 factors measuring the physical volume of business in Canada, has held firm at about 20 per cent below the average for 1926 which is roughly the level reached at the bottom of the 1924 recession and also on a par with business conditions in the fall of 1922 when business was recovering from the post-war price collapse of 1921. Now a slump of almost two points has brought the index into new low ground and indicates that in spite of a good wheat crop, many adverse factors have greatly retarded the ordinary seasonal stimulus which might have been normally looked for if wheat prices and other financial and industrial factors had been more favorable.

The most that can be said for the current outlook is that further marking time is all that can be expected until some more specific solution of war debt problems can be achieved.

* * *

IN THE United States it is interesting to observe the actions of that interesting business barometer the machine tool. Seasonal demand for machine tools in November has slumped since the usual seasonal increase spent its force late in October. Launching of new enterprises and sale of new products have not responded promptly to the removal of election uncertainty.

More enquiries and a few more actual orders for machine tools were received in October than in September, thus making the third successive monthly improvement in this field. However, Federal Reserve reports indicate continuation of the piling up of reserves and funds available for short term loans. This is interpreted to show an over-abundance of money awaiting investment, but also an unwillingness to lend for commercial purposes. It is thought that the capital factors are favorable for recovery.

Employment bureaus in the United States report more active enquiries for labor but not enough to afford much relief. No encouragement is lent to the current situation by the eighth successive weekly decline in commodity price indices which are now around the June low level.

SALES OF CARS DURING OCTOBER DROPPED 38.9%

Plymouth, Frontenac and Ford Gained During Last 10 Mos.

Sales of new automobiles in Eastern Canada for October totalled 1,650 cars compared with sales of 2,660 cars in September, a decline of 38.9 per cent, which was largely seasonal. Compared with October, 1931, in which month sales of 2,612 cars were made, the decline was 36.8 per cent, according to an analysis made by The Financial Post, of figures furnished to Canadian Automotive Trade by Might Directories Ltd., Toronto.

Total sales for the first ten months of 1932 were 39,371 cars compared with sales of 64,372 cars in the same period of 1931, a dedecline of 36.8 per cent in sales in October, from the same month of the previous year, was less than the proportionate decline for the whole first ten months of 1932.

Three Makes Gain

Of the fifteen best selling makes, only Ford, Plymouth and Frontenac show gains for the first ten months of 1932 over the same period in 1931. In the case of Frontenac, which was only being introduced a year ago, the gain from 95 to 575 cars sold in the period was more than offset by a decline from 1,737 to 955 Durant cars sold, this being the other leading Dominion Motors product. Plymouth's gain from 2,486 to 2,503 cars and Ford's gain from 9,554, to 9,972 cars during the ten months, while not of large proportions, pay testimony to the radical revisions in style of these makes during the year.

During October, the new Essex terraplane continued to increase sales of this make, which reached 69 cars compared with 43 cars sold in September, thus going strongly against the seasonal trend. Frontenac also defied seasonal influences, selling 84 cars in October as against only 35 cars in September. Pontiac also increased its October sales over the previous month with 113 cars sold as against 101 sold in September.

Chevrolet and Ford, the two outstanding leaders in sales, both suffered substantial declines in distribution of new cars during October. Fords outsold Chevrolets by 353 cars to 302 cars in the month reversing the position of October, 1931, when Chevrolets outsold Fords by 626 cars to 618. The declines in sales of these makes compared with the same month a year ago were 51.8 per cent for Chevrolets and 42.9 per cent for Fords, thus being more than proportionate to the total decline of all cars sold of 36.8 per cent.

Declines in sales for each of the five provinces during the ten months' period have been fairly uniform except in Prince Edward Island where sales fell from 658 cars in 1931 to 217 cars in 1932.

Tabular comparisons of sales of the leading makes and in the five provinces, as shown below, clearly indicate the changes.

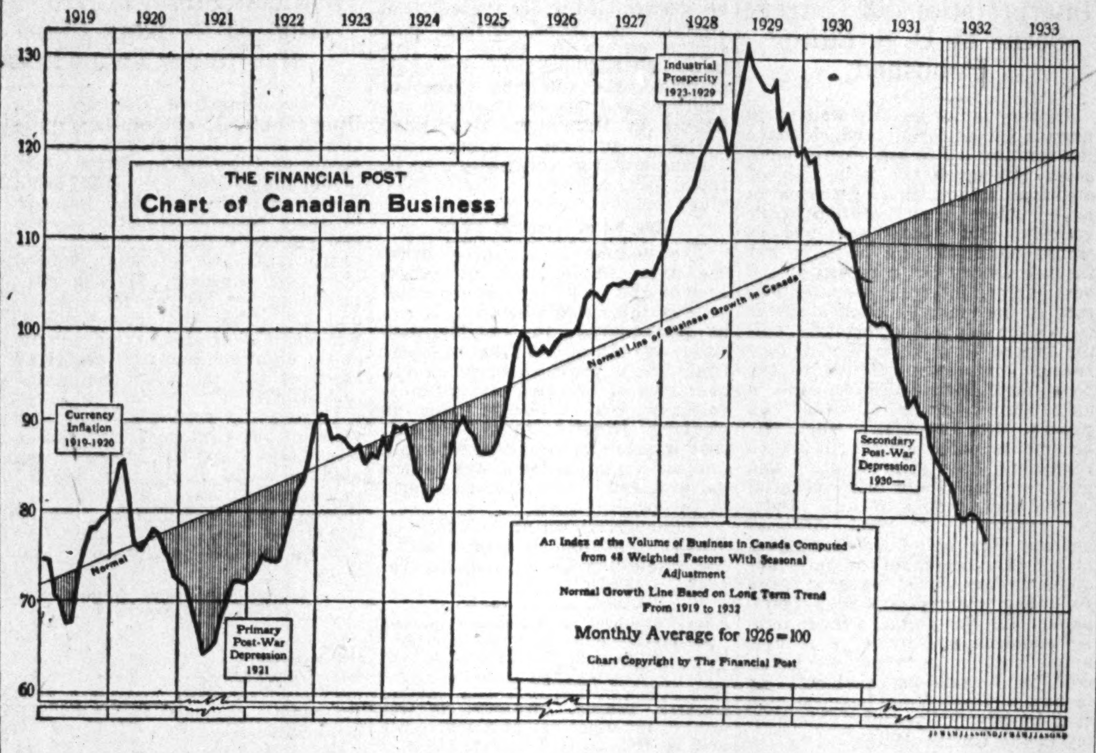
AUTOMOBILE SALES IN EASTERN CANADA
(Fifteen Largest Selling Makes)

	Oct. 1932	Oct. 1931	10 Mos. 1932	10 Mos. 1931
Chevrolet	302	626	10,910	16,952
Ford	353	618	9,972	9,554
Plymouth	69	165	2,503	2,486
Buick	73	144	1,893	2,765
Pontiac	113	101	1,869	3,983
Dodge	27	100	1,224	2,100
Essex	69	43	1,067	1,849
Chrysler	39	57	1,009	1,993
Durant	15	62	955	1,737
De Soto	33	64	917	978
Wyllis	43	47	856	1,289
Studebaker	20	91	790	1,391
Oldsmobile	40	69	673	1,479
Rockne	30	..	607	....
Frontenac	84	35	575	95

AUTOMOBILE SALES BY PROVINCES
(All Makes)

	Oct. 1932	Oct. 1931	10 Mos. 1932	10 Mos. 1931
Ontario	1,123	1,696	25,189	40,015
Quebec	308	494	9,187	14,860
N. B.	72	216	1,921	3,608
N. S.	134	191	2,857	5,231
P. E. I.	13	15	217	658
Totals	1,650	2,612	39,371	64,372

Business Volume Declines in October



Business operations measured by 41 factors with seasonal adjustments showed a decline of 1.4 points in October from the level of the preceding month.

Mineral production made a contribution on the constructive side, and the imports of raw materials by the textile industry indicated greater preparation for manufacturing operations. The output of pig iron and the production of automobiles showed moderate gain, while low levels of operation continued in these industries.

Exports of lumber and wood-pulp showed gains while the increase in the output of newsprint was less than normal for the season. The statistics of external trade indicate moderate gain after seasonal adjustment.

Business Activity Slacker October Figures Reveal

Mineral Production and Textile Imports Gain While Pig Iron Output and Auto Manufacturing Firm — Other Lines Sag

By SYDNEY B. SMITH

Business operations showed a further setback in October compared with the preceding month. While conditions continue quiet, some consolation may be obtained from the fact that resistance against further decline has strengthened and comparative stability has been in evidence for some months.

The decline in the preliminary version of the Financial Post index was limited to 1.4 points during October, standing at 77.8 compared with 79.2 in September. This result emphasizes the fact that the grip of the depression has not been broken. Despite the greater feeling of optimism which rightly permeates the business community, the improved attitude had not in October been translated into a general gain in operations.

Contrast with U.S.A.

According to preliminary compilations, industrial activity after seasonal adjustment in the United States increased slightly in October after rather marked gains in August and September. The record in Canada forms somewhat of a contrast.

The business index is computed from 47 factors and of these 41 were available at the time of going to press. Consequently, it is improbable that the remaining 6 factors will greatly alter the indicated reading. An examination of the components discloses many factors of promise, the movement of the strategic factors being for the most part more favorable than would be indicated by the trend of the main index.

Mineral Figures Gain

Mineral production factors were favorable, exports of copper and nickel showing marked gains over September. Zinc exports showed a gain after seasonal adjustment. The gold mining industry repeated its excellent showing, the receipts at the mint being about $5,200,000 disregarding the premium. Of this amount Ontario led with $4,151,940, and Quebec followed with $791,587. Receipts from Canadian mines including shipments to the mint and to external markets were 273,163 ounces compared with 270,757 in September.

Shipments of silver amounted to 1,935,000 ounces compared with 1,758,000. Exports of the better grades of asbestos were 5,707 tons compared with 3,834 and bauxite imports for the manufacture of aluminum showed a gain after seasonal adjustment. It will thus be noted that all available factors used to indicate the trend of mineral production were favorable in October.

Milling Gain Below Normal

The gain by the milling industry during the current period is not equivalent to the normal increase for the season. The output of wheat flour, however, recently showed a slight gain over the corresponding month of 1931. The slaughtering industry which had been active in September, showed decline after seasonal adjustment during the month under review.

The output of sugar was 106,613,000 pounds in the last four-week period reported compared with 81,917,000 in the preceding period. The export of cheese at 147,757 cwt. showed moderate gain in October. The gain in canned salmon exports was less than normal for the season. Of the ten factors used for the foodstuffs group only two showed a gain after the usual adjustment for seasonal tendencies.

Tobacco Consumption Off

The release of tobacco for consumption took a drop in October, leaf tobacco and cigarettes showing absolute declines, while the release of cigars was less after seasonal adjustment.

In view of the heavy importation of crude rubber in September the drop in October was not unexpected, the comparison being 2,704,000 pounds with 6,204,000 in the preceding month. The latest information in regard to the manufacture of tires indicated quiet conditions with a moderate increase in the current period.

Textile Imports Good

Imports of raw materials by the textile industry reflects greater activity. Imports of raw cotton were 7,029,000 pounds compared with 4,553,000 in September and the imports of cotton yarn showed a considerable increase. Imports of raw wool and wool yarn were 856,827 pounds compared with 534,867. Gains were shown in the three items indicating the trend of activity in the textile industry. Production of leather boots and shoes were 1,470,000 pairs in the latest month for which statistics are available compared with 1,484,000.

While the output of newsprint showed a slight drop in October after adjustment for seasonal tendencies, the export of wood-pulp was greater. The exports of planks and boards and shingles indicated greater activity in the lumber industry.

A gain was recorded by the automobile industry, although operations continued at a low level. The output was 2,923 units compared with 2,342. The production of pig iron at 6,731 tons was somewhat greater than in September, while the output of steel ingots and castings reached a new low point at 17,102 tons. The imports of iron and steel reduced to a physical volume basis by the elimination of the price factor showed a gain contrary to seasonal tendencies. The imports of crude petroleum at 83,449,000 pounds showed a gain over the 76,913,000 pounds of the preceding month.

Construction, Carloadings Drop

The award of construction contracts dropped to $8,875,600 from the $9,645,800 during September despite the fact that a slight gain would have been expected from seasonal tendencies. Building permits at $3,056,000 showed a gain over the amount of $2,203,000 in September.

Subsequent to the heavy grain movement in September, carloadings showed a decline after seasonal adjustment. Receipts of wheat at country elevators and platform loadings were 79,564,000 bushels compared with 120,538,000 in September, indicating that September marked the peak in the primary grain movement for the present crop year. Exports of 40,192,000 bushels of wheat in October however indicate the extent of the traffic and consequent effect on the revenues of the transportation companies.

Both sections of the external trade showed gains in October. Exports valued at $57,160,000 mainly reflected the heavy outward movement of wheat although all major groups showed gains over September. Imports showed a gain for the third consecutive month, seasonal considerations being provided for.

Canadian Business Indicators

Compiled by The Financial Post

	Weekly Latest 1932	Weekly Latest 1931	Cumulative Jan. 1 to date 1932	Cumulative Jan. 1 to date 1931
Transportation—				
Car loadings (Nov. 12)	44,276	61,458	1,910,264	2,244,179
C.P.R. gross earn. (Nov. 14) $	2,380,000 $	3,361,000 $	108,279,000 $	128,620,000
C.N.R. gross earn. (Nov. 14) $	2,689,017 $	3,642,708 $	126,892,645 $	155,924,529
	Monthly			
C.P.R. net earn. (Sept.) $	3,722,576 $	3,099,854 $	10,531,370 $	12,792,166
C.N.R. net earn. (Sept.) $	2,828,833 $	1,387,081 $	6,200,117 $	3,565,770
Iron and Steel—				
Pig iron, tons (Sept.)	5,709	17,585	96,219	380,322
Steel, tons (Sept.)	23,139	33,390	257,843	582,855
Automobiles prod. No. (Sept.)	2,342	2,646	53,550	77,495
" exports, No. (Sept.)	1,717	787	7,942	13,044
Construction—				
Building permits (Oct.) $	3,056,137 $	8,442,627 $	35,396,886 $	97,045,622
Contracts (October) $	8,875,600 $	28,789,200 $	118,510,400 $	279,582,500
Newsprint—				
Production, tons (Oct.)	157,506	184,252	1,609,090	1,876,982
Exports, tons (Oct.)	148,934	171,030	1,486,197	1,675,252
Sugar—				
Imports, raw, lbs. (Sept.)	57,911,500	71,618,900	577,924,500	611,626,900
Melt. & ship., lbs.*	92,239,204	83,955,260	661,401,963	686,964,423
Manufactured, lbs.*	106,613,372	96,184,968	656,614,187	674,309,039
Flour—				
Production, bbls. (Aug.)	1,272,009	1,333,287	8,406,423	9,301,068
Wheat flour exp., bbls. (Sept.)	385,113	556,565	3,534,100	4,210,968
Other Industrial Indices—				
Lumbering: Plank & board exports, mill ft. (Oct.)	55.25	81.26	590.21	812.90
Boots & shoes, pr. (Sept.)	1,723,202	1,672,437	13,940,630	13,735,242
Petroleum, imp. crude, gal. (September)	76,913,048	96,534,568	721,878,603	765,072,912
Cotton, imp., raw, lbs. (September)	4,553,000	4,999,000	61,132,000	60,334,000
Rubber, raw, imp., lbs. (Sept.)	6,204,026	3,438,177	38,473,961	44,819,185
Coal, imports, tons (Sept.)	1,296,274	1,484,059	7,939,816	9,583,374
Gasoline sales, gals. (July)	51,331,000	66,795,000	264,751,000	297,475,000
Trade—				
Imports (October) $	37,094,525 $	45,932,572 $	385,883,998 $	540,897,579
Exports (October) $	56,626,095 $	55,537,917 $	405,356,022 $	494,593,577
Wheat exports, bus. (Oct.)	40,192,415	18,925,303	173,182,780	145,117,574
Labor—				
Employment Index (Oct.)	86.7	103.9	....	....
Electric Power—Output—				
M. Kilowatt hours (Sept.)	1,279,136	1,288,413	11,613,427	12,107,854
Finance—				
Failures, No. (Sept.)	192	165	1,792	1,581
Failures, Liabilities (Sept.) $	2,979,544 $	5,166,575 $	30,012,931 $	32,881,623
Bank debits† (Sept.) $	2,097,931 $	2,450,545 $	18,926,189 $	23,519,655
Bond sales (Oct.) $	22,546,105 $	1,048,629 $	294,132,908 $	387,903,879
Insurance sales (Oct.) $	29,858,000 $	36,006,000 $	336,437,000 $	403,289,000
Automobile Financing:				
Used cars (Sept.) $	959,221 $	1,374,500 $	10,805,763 $	17,565,601
New cars (Sept.) $	941,610 $	1,239,434 $	11,010,252 $	17,740,962

*Four weeks' period, Sept. 17 to Oct. 8.
†(000's omitted).

New Industries and Plant Extensions in Canada

Compiled Weekly By The Financial Post

Vick Chemical Co. has incorporated a Canadian branch and has started operations at Windsor, Ont. The plant is located in the building of Sterling Products Ltd. on Elliott St. W. and will manufacture a patent remedy for colds.

National Cellulose of Canada Ltd., an affiliation of the National Cellulose Corp. of Baldwinsville, N.Y., has leased space at 579 Richmond St. E., Toronto, to manufacture cellulose products, facial tissue and paper products.

Pumps and Softeners Ltd. has been formed in London, Ont., with a capital of $50,000 and is manufacturing water softeners and electrical pumping systems for farm and suburban homes.

Stedman's Foundry & Machine Works of Aurora, Indiana, have made arrangements with John T. Hepburn Ltd., of Toronto, whereby the Toronto firm will produce the principal Stedman lines for the Canadian and other British markets.

Commodity Prices

Commodity Prices
Current Prices at Wholesale‡
(N. Y. unless otherwise stated)

	Week ending Nov. 19	Previous week	Last year
Cattle (cwt.) (Toronto)	$4.50	$4.35	$6.25
Copper, lb.	.05375	.0525	.06½
Cotton, lb.	.0625	.0655	.0610
Rubber, lb.	.0337	.0354	.0449
Silk, lb.	1.57½	1.70	2.27½
Sugar, raw, lb.	.0308	.0315	.0330
Wheat (Man.) bu.	.47⅛	.47¾	.66⅜
Hides, lb.	.06½	.06⅛	.08¼
Coffee, lb.	.08¼	.08	.06⅜
Weekly Indices*			
N. Y. Annalist	88.8	88.9	102.2
Fisher's	60.4	60.3	†72.6
N. Y. Journal of Comm.	58.2	58.7	64.7
Crumps (Brit.)	63.1	62.7	†64.9

*N. Y. Annalist base, 1913; others, 1926.
†Average 1931.

Monthly Indices

	Latest	Prev. Month	Last Year
Canada (D.B.S.) w'sale (Oct.)	65.0	66.9	69.9
Retail (Oct.)	80.4	81.0	89.6
U. S. Labor (Sept.)	65.3	65.2	71.2
Gt. Brit. (Sept.)	68.9	67.2	67.0

‡Basis of price quotations is as follows: cattle—steers, good, over 1,050 lbs., top price, Toronto; copper—electrolytic, New York; cotton—middling upland, New York; rubber—smoked sheets, spot closing, New York; silk—Japanese, 13-15, New York; sugar—96 degree centrifugal c/f. New York; wheat—No. 1 Man. North., Ft. W.-Pt. A. basis; hides—heavy native steers; coffee—Rio, No. 7, spot, New York.

ONTARIO VALUES ITS FIELD CROPS AT $114,073,408

Decline of 8.9 Per Cent in Total Value Compared With 1931

Although prices received for field crops in 1932 have been generally below those of 1931, total value of such production in Ontario during the year was only 8.9 per cent below the 1931 total, being $114,073,408 compared with $125,221,100 in 1931, according to the preliminary estimate for 1932 and final estimates for 1931 issued by the Ontario Deparment of Agriculture.

Improvements in prices were largest for beans and potatoes, both of which showed substantial reductions in total production in 1932. Acreage of beans was materially reduced, and this combined with a lower yield per acre explains the lowest production. Potato acreage was reduced by seven per cent and dry rot caused a drastic reduction in yield from 119.1 to 89.3 bus. per acre compared with the previous year.

Late Crops Good

Late crops such as sugar beets, turnips, mangolds, corn and buckwheat had favorable growing weather during the fall and yields are exceptionally good this year. Hay and clover crops also yielded well except in the east, where growth was checked by midsummer drought.

Fall wheat yield per acre is now estimated at 28.4 bus. and oats at 32.9 bus. Lodging of fall wheat had a deteriorating effect on yield, and unfavorable seeding weather and heat during filling time reduced the oat yield in Southern Ontario.

Fall plowing is now reported as 68 per cent complete compared with 71 per cent at the same time last year. New seeding of fall wheat and fall rye are equal to 98 per cent of the 1931 sowings. Condition of such sowings compared with the long-time average is 98 per cent for fall wheat and 96 per cent for fall rye. Of total land intended for next year's crop, 69 per cent has been plowed.

Comparison of values of crops having the greatest value are shown below:

Value of Leading Field Crops in Ontario

	1932* $	1931† $
Hay and Clover	32,005,701	38,906,045
Oats	19,234,985	19,499,057
Alfalfa	11,526,413	9,816,770
Mixed Grains	11,130,253	12,510,754
Fall Wheat	7,002,304	7,747,787
Fodder Corn	6,443,515	9,206,108
Potatoes	5,443,460	4,735,770
Barley	5,366,094	4,898,775
Sweet Clover	3,696,557	4,519,783
Husking Corn	2,282,356	2,157,322
Turnips	2,038,080	2,348,912
Sugar Beets	1,748,250	1,967,394
Buckwheat	1,620,770	1,551,607
Mangolds	1,022,688	1,185,550

*Provisional estimate.
†Final estimate.

Business Briefs

Failures under the Bankruptcy Act for the week ended Nov. 12 numbered 61 compared with 60 in the corresponding 1931 week. Failures for the year to Nov. 12 are 1,902 compared with 1,828 in the same period of 1931.

Car loadings for the week ended Nov. 12 were 44,276 cars compared with 45,530 cars in the corresponding week of 1931, and the index number for loadings rose from 57.56 to 63.25, partly accounted for by liberal allowance for the Nov. 11 holiday. Merchandise loadings were 12,228 cars for the week compared with 15,130 cars in the same period of 1931. Loadings of grain were 10,207 cars compared with 14,668 cars in 1931.

Wheat Stocks of Canadian grain on Nov. 11 were 242,943,768 bus. compared with 242,304,042 bus. a week before and 176,186,462 bus. on the same day in 1931.

Wheat Exports for the week ending Nov. 11 were 6,241,786 bus. compared with 6,368,761 bus. for the previous week and 3,878,895 bus. in the corresponding week of 1931.

Prairie Farms' Wheat Returns Up $12,244,673

A total increase of $12,244,673 in net money value to farmers in the three Prairie Provinces of wheat delivered at country stations, during the three months of the current crop years ending Oct. 31, is indicated in returns by railway subdivisions, prepared by the W. Sanford Evans Statistical Service of Winnipeg.

Total value of wheat deliveries in the period Aug. 1 to Oct. 31 was $68,738,786 for 216,786,000 bus. compared with a value of $56,494,113 for 136,942,000 bus. in the same period of 1931 and $108,735,136 for 182,154,000 bus. in the same 1930 period.

The gain in returns to farmers by provinces were $3,786,546 in Manitoba, $6,923,377 in Saskatchewan and $1,534,849 in Alberta. The relatively smaller gain in Alberta is due to the fact that there was a relatively smaller decline in the Alberta crop last year.

Returns to Manitoba farmers in the three months' period were $12,107,516 compared with $8,320,970 in 1931 and $21,029,088 in 1930. Farmers in Saskatchewan received $30,746,018 in the 1932 period compared with $23,822,741 in 1931 and $49,117,858 in 1930. Alberta farmers received returns of $25,885,251 this year compared with $24,350,402 in 1931 and $38,588,188 in 1930.

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LOWER TARIFF BASIS ADOPTED FOR AUSTRALIA

Protectionists Visualize Return of Excess of Imports

A schedule of reduced tariff duties has been adopted in Australia on the recommendation of the Tariff Board which has been investigating the necessity of the emergency duties imposed by the Scullin Government in 1930-1931. Many of these duties were prohibitive and were designed to correct import balances of trade through drastic action.

Because of net import balances of £2,069,000 for July and August this year, protectionists are reported to be picturing a return of the former excess of importations under the newly reduced scale of duties. This import balance compares with a net export balance of goods and specie of £2,021,000 in the same two months of 1931. Some manufacturers are reported to declare that tariffs have been rendered inadequate by the economic depression.

Protectionists also feel that if Australian exchange rises above its present discount, of about 25 per cent in terms of sterling, that this possible excess of imports may be even more likely. Australia's foreign trade position has been helped by bountiful harvests in the last two years, and it is pointed out that this condition cannot be counted upon indefinitely.

Fears May Be Premature

However, the fears of an adverse balance are thought to be premature in some quarters. It is contended that the July-August importations were largely due to necessity to replenish stocks of merchandise, particularly dry goods, following a prolonged cessation of fresh orders, and may be only temporary for this reason. It is also stated that Australian trade is liable to wide fluctuations in the winter months (July and August), and that such returns have only an indirect bearing on the probable aggregate of trade for the fiscal year. Exports of wheat, for instance, during the two months in question were only half the 1931 exports in these months although the year's total exports of this commodity were larger than in 1931. Wool exports have been held up in hopes of higher prices and this is also a factor in the situation.

In introducing the Imperial Economic Conference agreements into its tariff Australia has not altered the former British preferential rates which are generally applicable to importations from Canada, but duties have been increased on goods imported from foreign countries to give preference to Empire countries.

In the comparatively few items in the general tariff rates applicable to Canadian goods under the Canada-Australia conference trade agreement, only six items have increased duties of 5 per cent against them. Duties on foreign goods have been substantially increased giving Canada and Britain greater preferences in the Australian market.

DISTILLERS CORP. SHARE EARNINGS WERE 67 CENTS

Company Adds $635,037 to Surplus Before Income Tax

From Our Own Correspondent

MONTREAL.—Earnings of Distillers Corp.-Seagram's in the fiscal year ended July 31, 1932, totalled $1,529,463 compared with $2,767,596 in the previous period. After provision for depreciation and interest on loans net profits, before income tax, were equal to 67 cents a share on the common against $1.51 a share in the preceding year. Marked improvement is shown in working capital position.

During the year dividends totalling 25 cents a share were paid on the capital stock leaving $635,037 to be added to surplus which totalled $5,228,153 after provision for income tax to July 31, 1931.

Profit and Loss Figures

Following are details of profit and loss for the past two years ended July 31:

	1932 $	1931 $
Net earnings	1,529,463	2,767,596
Int. on loans	310,399	302,396
Depreciation	209,024	199,446
Net profit	1,010,038	2,265,752
Less: Dividends	375,001	1,500,006
Surplus for year	635,037	765,746
Add: Prev. surplus	*4,593,116	*3,984,599
Balance forward	5,228,153	4,750,345

*After deduction of income tax for prior year.

Working Capital

	1932 $	1931 $
Current assets	10,916,946	11,706,990
Current liabs.	445,274	1,936,423
Working capital	10,471,672	9,770,567

Reduce Current Liabilities

Improvement in working capital is due to a heavy decrease in current liabilities. Noteworthy is payment of the balance of $670,000 due on whisky purchase contract assumed at the inception of the company in connection with Seagram's. Liquidation of this debt will lower annual interest charges by $60,000, it is stated.

In assets cash is down $170,982 at $112,150; inventories have been reduced by $70,670 to $9,949,040 and accounts receivable are lower by $548,393 at $855,755. Fixed assets have been increased by $60,036 to $14,893,918.

Cut Payables in Half

In liabilities accounts payable have been reduced by $446,293 to $445,274 and balance payable of $669,855 due to Seagram's has been eliminated. Special loans are unchanged at $4,064,193 and reserve for depreciation now totals $205,379. Contingency reserve is down $21,077 at $92,993 and capital structure is unchanged.

In his remarks to shareholders William H. Ross, president of the company, said in part:

"Your directors are pleased to report that your operating companies were able during the year, in the face of the keenest competition, not only to maintain but to improve the dominant position they hold in the export market. It is gratifying to be able to report that notwithstanding the poor condition of business generally which affected the distilling industry in common with most other industries and despite the special circumstances of regrettable price-cutting in the industry, earnings for the fiscal year may be considered very satisfactory."

Brazil Losing Markets for Coffee Due to War

Three Months' Blockade of Santos Has Caused Consumers to Turn to Other Sources

(From The Wall Street Journal)

Brazil's recent civil war with the three-month blockade of Santos, the main shipping port of the state of Sao Paulo caused world consumers to turn to the "outside mild" countries for their coffee needs, while it lasted. The result has been a further contraction of Brazil's position as the largest supplier of the world's coffee requirements. Her share of the world's market has been diminishing for some years. The importance of that loss can be pictured when it is realized that 75 per cent of the value of Brazil's already shrunken foreign trade consists of coffee exports.

Barter For Grain

When Brazilian Ambassador Lime E. Silva and George S. Milnor, president of the U. S. Grain Stabilization Corp., sat down to a Washington conference table on August 21, 1931, to sign the barter agreement for the trade of 1,050.000 bags of Santos coffee for 25,000,000 bushels of American hard winter, wheat, Lloyds would probably have quoted substantial odds against the possibility of an interruption of the normal procedure of the transaction by a revolution, even taking into account the volcanic South American political temperament.

Yet this did happen; prices soared to the highest levels in over three years as Santos shipments were cut off; the United States Farm Board subsidiary received a handsome profit of some $528,000 on the sale of its September quota of 62,500 bags and more moderate ones on its similar quantities for October and November release. But after three months of civil war, a peace was finally negotiated. This was accompanied by an abrupt price recession in the New York coffee market. With 13 ships, laden with some 470,600 bags of Brazilian coffee, of which 298,400 bags are of Santos grades, now speeding toward this country, the curtain has apparently been rung down on the last act of Brazil's latest opera comique.

Stocks Pile Up Again

Despite effective progress toward Brazil's objective—the destruction of some 12,000,000 bags of low grade Santos coffee in the 12 months ending December 31, next—it is evident that the problem of overproduction, brought on by a quarter of a century of valorization and high prices, has become intensified with the failure of Brazil to ship any Santos coffee for the first three months of the current crop year, normally among the most vital of the marketing season. This has served only to pile up further supplies in the interior of Brazil to add to the oncoming new crops.

Owing to the recent blockade, many importing nations have been forced to switch to the "mild" grades for their requirements, instead of Brazilian. The condition is most apparent in the United States. During 1931, this country imported 1,741,521,000 pounds of coffee, an increase of 142,000,000 pounds or about 9 per cent over the preceding year. Consumption is registering steady increases each year and at present totals 14.2 pounds per capita. Only Denmark and Sweden, whose consumptive takings have remained steady during the past decade, are larger coffee drinkers per capita, using (according to the latest 1929-30 crop year figures) 16.06 and 15.7 pounds respectively.

U. S. Consumption

During the present crop years, the United States will probably use about 12,000,000 bags of coffee of 132 pounds each. Normally this would comprise about 8,000,000 to 8,250,000 bags of Brazilian coffees of which the bulk would represent the better blends from Santos, and about 3,500,000 bags of outside "milds." Owing to the Santos blockade, however, roasters and other manufacturers have taken to the increased use of "milds" from Colombia, particularly during the first four months of the crop year. This is indicated in the following tabulation of deliveries into this country, as compared with a year ago:

July:	592,009	586,946
Other kinds	283,154	303,895
Total	875,163	890,841
August:		
Brazilian	443,852	592,312
Other kinds	325,055	168,699
Total	768,907	761,011
September:		
Brazilian	467,448	601,153
Other kinds	415,937	173,928
Total	883,385	775,081
October:		
Brazilian	547,313	660,458
Other kinds	428,330	229,196
Total	975,643	889,654
Four months' deliveries:		
Brazilian	2,050,622	2,440,869
Other kinds	1,452,476	875,718
Total	3,503,098	3,316,587

While deliveries are generally conceded to represent the most accurate barometer for consumption, the invisible supplies must be allowed for. These stocks, which represent supplies already in consumers' hands, apparently were drawn on rather severely as the Santos embargo became serious. Many roasters preferred to endanger their normal reserves by holding off purchases of the temporarily higher-priced Grain Stabilization Corp. coffee until the port of Santos was again officially opened for traffic.

Owing to the recent martial disturbances, no official figures are available for the world's available supply of coffee later than July 1, the opening of the crop season. The current supply, however, is conceded to be well in excess of a full year's normal requirements. On July 1, the total was 31,682,689 bags. Inasmuch as the outside world's visible stocks on that date were only 5,468,261 bags and the Farm Board subsidiary had not yet begun to dispose of its 1,050,000 bags, it is obvious that 26,214,428 bags lay in the interior of Brazil without a buyer at hand.

In only four years in history has the world's total consumption of all kinds of coffee (and Brazil supplies but 60 per cent of that need) exceeded this figure in a single season. Therefore chances of curing oversupply are slim, despite the fact that the National Coffee Council—with a $36,000,000 government internal loan voted to it in December, 1931—has already bought and burned to October 31, 10,007,000 out of the required 12,000,000 bags.

New Crop Tops Needs

Moreover, the current Brazilian crop is placed in trade circles at about 17,,000,000 bags, or at least 2,000,000 in excess of the world's requirements of Brazilian coffee this season. This does not tend to brighten the picture appreciably, although the world's visible supply, excluding Farm Board and interior Brazilian stocks, had fallen to 5,414,816 bags on November 1 and invisible stocks have also been materially depleted.

During the recent revolution, about 150,000 rebels and federals were intermittently at war. Both parties at the opening of the hostilities seized upon the same idea for terminating the war speedily and effectively. To the federals, it was obvious that by blockading the ports they would prevent the rebels from receiving smuggled arms and supplies. To the rebels, it was equally obvious that by blocking coffee exports they would cut off the substantial revenue the government normally takes in from the 15-shilling per bag coffee export tax, and embarrass it financially. Thus, by a sort of gentlemen's agreement, both sides agreed to create an embargo on the world's largest coffee port of Santos on July 11. Commerce of the state of Sao Paulo, the richest principality in the republic, became paralyzed.

As a result, Brazilian foreign trade, already hard hit by the world depression, became further retarded. For the first six months of 1932, exports were only $94,982,051 and imports but $54,213,904. These figures presage a fourth successive year of reduced trade.

Brazil apparently is not aware that the control of the world coffee market is slipping gradually from her grasp. In April, 1930, a world banking syndicate lent the state of Sao Paulo some $97,330,000, pledged by the security of 16,500,000 bags of Santos coffee to be liquidated over a ten-year period, with the hope of extricating the country from its difficulties.

Support of Market Forecast

One of the loan provisions was that the government was to cease the ineffectual attempts at valorization it had made for the past 25 years. This was complied with until recently. But now having apparently accumulated some resources during the past three months' revolutionary breathing spell, possibly by purchasing and burning less coffee than is still needed to complete the 12,000,000-bag quota, the National Coffee Council has announced its intention of supporting the coffee market on any abrupt decline below levels prevailing before the revolution began.

Brazil's coffee planters have themselves been the least hurt by the events thus far. Their plantations are reported in excellent shape. The Cambuhy coffee plantations, for example, which contain 130,000 acres, have 14,571 planted to coffee, with 3,018,030 trees averaging 10.5 years of age. These remain in their full bearing prime until the 35th year. The plantations also have 1,834,023 coffee trees which will not come into bearing until 1935, being then about the usual five years of age. This gives a fair picture of the producing potentialities in new coffee districts of Brazil. It illustrates the fact that measures of the past year to prohibit planting of new trees mean little to the world coffee market for several years.

Planters are paying their debts, mortgages and laborers' wages in depreciated milreis. Virtually no one is starving. Food is cheap. The only persons with any appreciable cares are the nation's creditors, at home and abroad, the banks and trade circles.

Mild countries are steadily increasing their production. The Dutch East Indies crop is estimated this season by Messrs. Gijselman and Steup at about 1,729,533 bags, against 1,626,939 last year. Mexico will have a bumper crop of about 750,000 bags this season. Cuba, an importer of about 150,000 bags of coffee as late as 1929, is expected to export about 60,000 bags this season from the current 454,545-bag crop. Colombia is steadily securing a foothold on our commerce and about 90 per cent of its coffee output will come here this season.

Other People's Views

Words - - - And Deeds

The Herald and Mail, Halifax.—What is described as a "last-minute effort to modify the Government's ruling that only wheat consigned on through shipment from Canada to the United Kingdom would obtain the six cents a bushel preference" was made in the House of Lords on Monday—and by none other than a recent guest, Lord Elibank! The effort, the cables say, "was unsuccessful," Lord Hailsham, Administration spokesman, declaring that "the existing plan would remain since the Government had always regarded direct consignment as one of the cardinal features of Empire preference." He added, there had been no intimation from Mr. Bennett that the Canadian Government desired any alteration in the existing regulations.

Lord Elibank (who sought by amendment to change "consigned" to "dispatched") is no stranger to these parts. He was the chief speaker at the Canadian Chamber of Commerce banquet held here this fall in connection with the annual meeting of that organization. On that occasion he professed great attachment for this Province, since a "baronetcy of Nova Scotia" had been in his family for long generations, highly treasured and worn with pride.

Since Lord Elibank finds no need for seaports in the possession of his "Nova Scotian" fief in Scotland, his vicarious "Novascotianess" would appear to have been more oratorical than real.

WALTER LIPPMAN WRITES EDITORIALS WORTHY OF BOOK

Interpretations of Current Scene by U. S. Editor Published

History is not usually written in newspaper editorials, which have too fleeting a life and are in most cases too much the reflection of emotions rather than of reason to have other than contemporary validity. But there are writers whose editorials are history; not factual history but a record of the best current interpretations of history in the making. Such a writer is Walter Lippman, formerly editor of the New York World, now special contributing editor to the New York Herald-Tribune and a long string of other American papers. Mr. Lippman's work has become a daily classic in sound reasoning, keen interpretation and good writing. Each brief editorial is the end product of long study. As examples of good editorial writing they stand by themselves and if Mr. Lippman had no other audience he would have a large following among admiring newspapermen. But he has a large public audience and evidence is now ample that he is "read" by presidents and would-be presidents, by leaders of finance and business, and that he now influences public policy in the United States.

Post Itself Keeps File

In fact, so valuable are many of Mr. Lippman's editorials for their presentation of certain sequences or sets of facts or as interpretations of principles that practically all of them have been filed by The Financial Post in its own records.

Such an unique quality, attaching to Mr. Lippman's writings, provides full justification for the publication of a representative group of his editorials in book form. Under the title, "Interpretations 1931-1932," a group of Mr. Lippman's editorial writings covering the year of monetary crisis has been assembled under the editorial direction of Allan Nevins. The volume covers the period of Britain's abandonment of the gold standard, the rumbling threat of political and social financial upheaval in Germany; the United States political conventions. Throughout the volume are to be found Mr. Lippman's cool-headed views on the economic crisis.

Record of Critical Year

The volume is distinctly what the name implies, an interpretation of the most critical financial year in the world's history. It can be recommended for reading with either or both of two ideas in mind: first that it provides several score examples of the clearest, simplest editorial writing being done in working English today; second, that it presents simply thoroughly unbiassed summaries of the principal problems that bother the world at the present time.

"Interpretations 1931-1932," by Walter Lippman, is published by the MacMillan Co. of Canada, Toronto, at $2.75.

Plan Co-operative Tobacco Company

Formation of a chartered co-operative company to be known as the Ontario Tobacco Sales Limited is to be proceeded with by South Western Ontario Tobacco Growers, it was decided the other day at a conference held by Hon. T. L. Kennedy, Minister of Agriculture, with a committee of tobacco growers.

Population of Greater Quebec

The population of units contained within the area designated as Greater Quebec, including Levis City and Lauzon town, was established by the census of 1931 as 166,435, it is now reported. The population of Quebec City proper is given as 130,594.

Brantford Cordage Earns Less Than 1932 Dividends

Financial Strength, However, Gains in Year Ended Aug. 31 — Kept Plant 100 Per Cent Employed But Binder Twine Prices Showed Little Profit

While Brantford Cordage Co., Brantford, Ont., did not earn quite two-thirds of its dividend requirements on the first preferred stock in the year ended August 31, 1932, it did maintain and even improve in some respects its strong cash and generally liquid position. The profit and loss account showed operating profit of $79,538 after providing $82,088 for depreciation and bad debts and income taxes, whereas the dividend requirements on the eight per cent first preferred stock of $25 par value amounted to $134,836.

During the year $68,300 in par value of the first preferred shares were retired and the company was able to credit itself with $15,316 in discount on shares, retired through the sinking fund. This is added in the profit and loss account to the profits on operations.

Income and Surplus Account Years Ended August 13

	1932 $	1931 $
Net earnings*	79,588	20,995
Less: Sundry exp.	7,000	7,000
Addit. prov. b. debts	......	4,708
Net profit	72,588	9,287
Less appropriations:		
First pref. divds.	134,836	138,296
Second pref. divds.	......	59,500
Deficit for year	62,248	188,509
Add: Prev. surplus	956,645	1,109,629
Discount on shares	15,317	10,004
Life insur., excess cash value	......	25,521
Balance forward	909,714	956,645

*After providing for depreciation & taxes.

While stating that results of the season's business showed an improvement over the previous year, W. M. Massacar, president, added:

"These results fall short of providing a reasonable return on the capital invested, but in view of the depressed condition of agriculture throughout all grain growing countries, it was inevitable that the price of binder twine, in sympathy with the prices of all farm products should decline to extremely low levels, leaving very little profit for either the dealer or manufacturer. The mills were kept in continuous operation throughout the year and employment fully maintained, and while unsettled world conditions make it difficult to forecast the future, the company's splendid cash and liquid position should enable it to take full advantage of any improvement in general conditions."

Working Capital Lower

Working capital was down slightly in actual total and also in the ratio of current assets to current liabilities, as shown by the following table:

Working Capital

	1932 $	1931 $
Current assets	2,236,876	2,287,888
Current liabilities	46,967	38,979
Working capital	2,189,909	2,248,909
Ratio	47.62—1	58.70—1

Despite the lower total of working capital and the lower ratio of current assets to current liabilities, the position seems actually stronger in that cash on hand and at bank advanced from $1,247,394 to $1,304,679 while the company had in addition $251,824 in Dominion of Canada 1936 five per cent bonds, not previously shown.

CANADA DRY SAYS SALES MAY GAIN IN WET STATES

Experience Demonstrates Half Ginger Ale Sold in Canada for Mixing

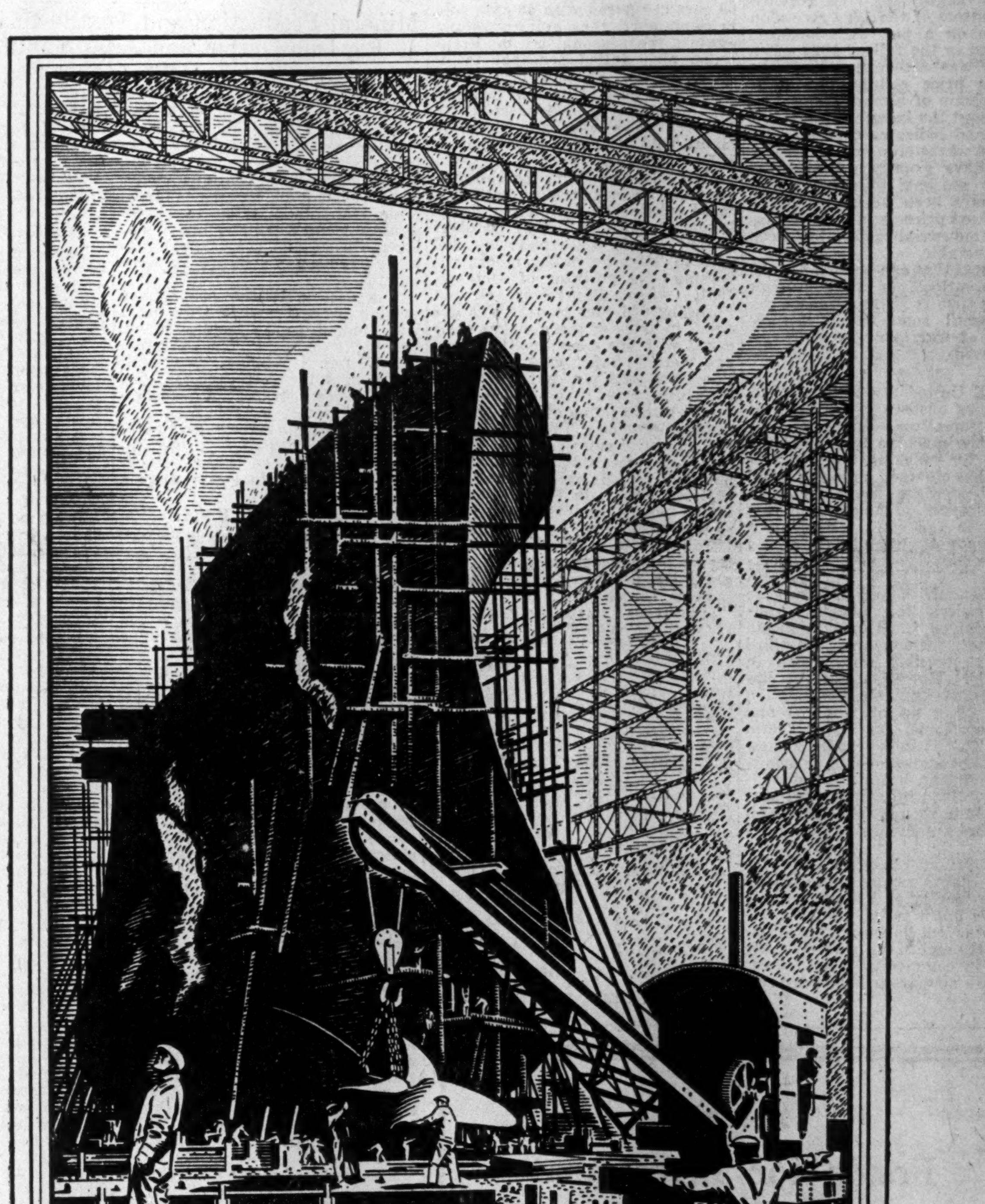
Canada Dry Ginger Ale, judging by its experience in Canada, thinks that modification of the Volstead Act or repeal of the 18th Amendment will have little effect on sales of soft beverages. It is stated that in Canada, as the provinces adopted government control, sales in those provinces immediately increased in every instance and particularly in Quebec. Through house to house canvass by the company and a check of restaurant, club and hotel records it was found that about 50 per cent of the ginger ale product sold was used as a mixer with other beverages. The company's drop in business in the last three years in United States has been due, in the opinion of P. D. Saylor, the president, to the decrease in general volume of hotel, club and restaurant business. Sales in the home have increased.

Canada Dry Ginger Ale is preparing for whatever the new situation brings forth by a contract already made in a tentative way to merchandise imported Pilsner Beer if ale is legalized and to handle light domestic wines. The company has also developed a sparkling water to be used as a carbonated water mixer.

Canada Dry officials think that their national distributing organization will be as useful in merchandising light domestic wines as it has been in selling ginger ale. The contract to handle Pilsner Beer and other beers has been made with Czecho-Slovakian beer manufacturers.

THE STORY OF A GREAT CANADIAN INDUSTRY—INTERNATIONAL IN SCOPE

1892-1918



Nickel ...and still more Nickel!

Almost overnight the armaments of the world had been made obsolete. The discovery of the superior toughness and strength of nickel steel called for rapid replacement of the world's navies, and opened up a new era in ship-building.

The demand was for nickel—and more nickel. For the time being the problem of marketing presented no difficulties—production was now the urgent need.

Steady and rapid development was carried on at the mines—new and more economical processes evolved—plants and refineries enlarged. This sudden demand for nickel had to be met—the markets for nickel must be protected.

The production of the larger part of the world's nickel brings with it a definite obligation and necessity not only to find new uses and new markets for nickel but to protect these markets against other metals of somewhat similar characteristics.

For this reason large stocks of refined nickel must be maintained. Mines and plants must be large enough to assure users that their production will not be interrupted by a shortage of nickel no matter what sudden demand may spring up!

Today the company's mines and plants, among the largest, most modern and permanent in the world, are not only the visible evidence of an efficient production department but are also a definite guarantee of a continuous supply of nickel to customers throughout the world and a protection for the markets which have been won for nickel.

Send for "The Story of Nickel" a booklet dealing with the history and development of Nickel. Write to the Company at 25 King Street West, Toronto.

THE INTERNATIONAL NICKEL COMPANY OF CANADA LIMITED

INCO NICKEL INCO MONEL METAL

Greater use of Nickel and Monel Metal means a greater measure of prosperity for Canada.

Large ore reserves are of little value unless a correspondingly large demand exists—world markets are essential.

SECOND SECTION

THE FINANCIAL POST

SECOND SECTION

Vol. XXVI | Member of Audit Bureau of Circulations | PUBLICATION OFFICE: TORONTO, NOVEMBER 26, 1932 | 10c a Copy; $5.00 a Year | No. 48

OTTAWA SEES WHEAT GAMBLE IN NEW LIGHT

Unpublished Orders-in-Council Give Motive For Speculation

PURPOSE DIFFERS

Two Authorizations Uncovered But Neither Mentions Avowed Purpose of Protecting Farmer

From Our Own Correspondent

OTTAWA.—Two orders-in-council, passed by the Bennett Government to legalize the state wheat speculations which have been going on, unknown to the public, for the past 22 months, throw a new and revealing light upon the whole transaction.

These orders, hitherto, have not been widely published. Their importance derives from the fact that the Government is now proved to have entered upon the policy of wheat gambling in an effort to sustain the wheat market in 1930-31 and to protect its stake in the 1930 carry-over of the Wheat Pools.

Planned to Aid Government

In view of the fact that Premier Bennett declared in Parliament last week that the justification of these speculations lay in the necessity of preventing a collapse in the market, of providing for the sale, on advantageous terms, of the 1932 crop, it is significant that neither order even mentions this phase of the matter.

The orders reveal: (1) that the Government thought that the original pool carry-over might be marketed more successfully if John I. McFarland was allowed to buy and sell wheat indiscriminately and (2) that once Mr. McFarland had bought wheat, in addition to the original carry-over, it was thought necessary to allow him to continue buying in order to safeguard the Government's investment in what already had been purchased.

In other words, Mr. McFarland was first permitted to buy wheat to "assist" in the sale of the carry-over, and, in the second place, was permitted to buy more wheat to aid in the sale of the carry-over plus the first purchases.

Mr. Bennett's justification for the purchases now going on was that they were essential to the sale of the 1932 crop, so apparently a third order-in-council covering this third class of buying will be forthcoming.

Morass of Speculation

In fact the Government has been caught in a morass of speculation. It is impossible to extricate one foot without plunging the other still deeper. Clearly the only escape from heavy losses lies in a sudden rise of prices—a factor over which the Government has no more control than it has over the color of the clouds.

That the policy will be vigorously criticised in Parliament goes without saying. The grounds of criticism are obvious. Mr. Bennett's statement will be warmly disputed by members who are experts in the grain trade.

It will be held that Mr Bennett failed to show a true appreciation of the "futures" market, failed to understand the part really played by the speculative interest.

How "Futures" Work

Futures are sold by the country elevator, and futures are bought by the exporters and the milling trade. Purchase and sale of futures, in fact, are an insurance against loss both in the buying and selling of grain. An exporter who sells grain for future delivery buys futures to protect himself: just as the country elevator operator sells for future delivery to protect himself on day to day purchases. In normal times the two should about balance.

As for the speculator, Mr. Bennett has presumed him to be, invariably, a bull. As a matter of fact the market can be played both ways, and ordinarily there are almost as many bears as bulls.

Bennett Replaced Purchases

It will be contended that the situation Mr. Bennett deemed to be a warrant for Government intervention was not caused by the absence of speculations but by an absence of export sales. And, therefore, it follows that what Mr. Bennett has been doing is not to take the place of the speculators but of the purchasers of the wheat crop. He has caused the Government to buy a substantial part of the crop in an attempt to prevent a decline in prices.

Members of Parliament from eastern Canada will point out that similar action is equally essential in the case of the varied agricultural production of central Canada. If the Government is prepared to buy the wheat crop, why not the butter and cheese makes, the livestock production, the tobacco and other crops?

Take the orders-in-council. They were both passed under the authority of the Unemployment and Farm Relief Acts. The first is dated September 11, 1931 and reads:—

"In pursuance of an undertaking on behalf of the Government made before the session of Parliament to implement by legislation recommendations hereafter set out, the governor-in-council guarantee repayment to the chartered banks of the amount of money advanced by them to the Canadian Co-Operative Wheat Producers Ltd., and interest thereon until repayment as agreed between the said banks and the Wheat Producers, in connection with and incidental to the marketing of the wheat and other grains grown in the provinces of Manitoba, Saskatchewan and Alberta in the year 1930 and delivered to or in process of delivery to Wheat Producers and including advances for purchase of wheat and other grains deemed necessary by Wheat Producers to secure the advantageous sale of such grains already delivered to or to be delivered to Wheat Producers.

"Such guarantee shall become operative and repayment thereunder out of the Consolidated Revenue fund, of the respective balances, if any, then owing, shall be made after Wheat Producers has sold and realized upon all or practically all such wheat and other grains in its possession or control, and application of the amounts realized, less expenses, has been made against such advances and interest, and thereupon the Governor-in-Council on the recommendation of the Minister of Finance shall determine the date on which payments are to be made in pursuance of this guarantee."

The second is dated July 11, 1932 and opens by re-stating the first order. It then continues:

"The Minister of Finance is advised that a portion of the wheat and other grain in the possession or control of Wheat Producers as contemplated by said order-in-council (of Sept. 12, 1931) had not on April 30, 1932, at which date powers created by said Unemployment and Farm Relief Act of 1931, expired, been sold or realized upon and it has since and hereafter may be deemed necessary by Wheat Producers, in order to secure the advantageous sale or disposition of the grains purchased or under its control, to procure, in addition to advances already made, further advances from the said banks to protect purchases of wheat or other grains already made or to be made.

"The Minister therefore having regard to the undertakings entered into in the order-in-council referred to, and under the authority of the Relief Act, 1932, recommends that the Governor-in-Council guarantee to the said banks payment by the Wheat Producers of all such advances made and to be made, and interest thereon as agreed between the said banks and the Wheat Producers until repayment; such guarantee shall become operative and payment thereunder, out of Consolidated Revenue fund, of the respective balances, if any, then owing shall be made after Wheat Producers have sold or realized upon all or practically all of such wheat and other grains in its possession or control, and application of the amounts realized less expenses has been made against such advances and interest, and upon failure of Wheat Producers to make forthwith payment of such balances to the said banks, thereupon the Governor-in-Council on the recommendations of the Minister of Finance shall determine the date at which payments out of Consolidated Revenue fund are to be made to the said banks in pursuance of this guarantee."

General Election in '33 Rumored From Ottawa

Undercurrent of Activity Forecasts Appeal to Country Though Many Signs Point the Other Way

From Our Own Correspondent

OTTAWA.—Although the daily press has had little to say of it, Ottawa, at the moment, is permeated by a "general election" atmosphere. There is a suspicion, tending almost to a belief, that immediately following the close of the session next spring, this Parliament will be dissolved, and the Bennett administration either as a party or a national government will appeal to the country.

In support of this view there is not a shred of convincing evidence, though it is notable that it is held most firmly by the hierarchy of both parties. Conservatives and Liberals, alike, have taken the necessary steps to prepare for an election.

Both Parties Busy

The Conservative caucus a few days ago appointed a committee of ten under the chairmanship of Thomas E. Simpson, party whip and member for Algoma West, to inquire into a report upon the steps necessary to revive the Conservative federal political organization and to look after the redistribution of constituencies. The Liberal caucus likewise appointed a committee of nine members of which C. G. (Chubby) Powers of Quebec likely will be the chairman. Seven of this committee will act on the redistribution committee.

The other day Premier Bennett remarked that a general election would not be held until after redistribution took place, which lends particular interest to this committee. It will be appointed before Parliament adjourns and will consist of 19 members. Of these the Conservatives will have ten, the Liberals seven and Labor and the Progressives one each. The problem of re-mapping the constituencies will be studied in the recess and the work taken vigorously in hand next February.

It is quite certain, therefore, that strenuous efforts will be made in the next five months to build up some sort of central political organizations, to collect campaign funds, to get out party propaganda.

Speeches Tuned to Electorate

Meantime, activities in the House of Commons are taking on a distinctly political hue. The government is finding the Opposition unreasonable and difficult to deal with, experiencing great trouble in advancing its legislative programme. The speeches of both leaders are being tuned to the ears of the electorate. Mr. Bennett's speeches in the Commons, as well as his recent speech at Toronto, indicate the general line of attack the government will follow. Mr. King's replies, in and out of Parliament, reveal how the Liberal party hopes to checkmate Bennett strategy.

The Conservatives clearly will seek to identify Liberalism with radicalism, socialism, communism, and will charge, as Mr. Bennett has done on two occasions, that the real leadership of the party has passed to J. S. Woodsworth, Labor leader. Mr. Bennett will attempt to prove that Mackenzie King has departed from the policies of Mackenzie, Blake and Laurier—which the Conservatives, in his judgment, have now carried to full fruition in the Ottawa treaties.

Busy in Quebec

The merit in this sudden twist to Conservative strategy is that it is calculated to appeal strongly to Quebec. Taking their cue from Mr. Bennett, a dozen or more Conservative organizers and campaigners are active in the back concessions

Within ten days of the inauguration of this campaign, the Liberal contingent from Quebec were manifesting marked uneasiness. They reported a sudden activity on the part of Conservative workers, the "firing" of many "Grit" returning officers, and they feared the staid country folk of the Seigneuries and the Townships were becoming suspicious.

Mr. King's reply, spoken in Parliament, but obviously aimed at Quebec, was that Mr. Bennett had traduced the memory of Laurier, done violence to the past policies of Liberalism. He repudiated charges of undue radicalism and charged against the government the entire responsibility for the depression. Indeed he made out a case to show that Conservative rule and starvation were practically synonymous terms. His followers have been reassured, feel confident of the results at election time.

Liberals Not Really Ready

This is the real meaning of the highly inflammable eloquence which has been echoing about the House of Commons in the past week. Behind the scenes, however, the situation is rather different. The Liberal party, actually, does not want an election. It does want the government to stay on and take all the economic grief that is going. The Conservative rank and file, also, are strongly against an election next year.

On the face of things, therefore, an election seems remote, regardless of the present alarm and rushing about that distinguish affairs on the "Hill." If an election is held the decision will be made by the Conservative general staff. And there are considerations which support the view that the general staff will decide to go to the people. For one thing Premier Bennett has had a gruelling time for five years—no real rest nor holiday—and can scarcely carry his present load for an indefinite period. It is believed he feels that his main work as a public man was completed when the Ottawa Conference treaties were signed. It may be hazarded that the greatest motive he would have in carrying on would be to protect these treaties, ensure them a fair chance.

Conservatives Confident

There is a feeling among the Conservative general staff that the party can carry the country on its record of solid achievement — despite the continuing depression. They believe it probably true that Conservative strength is waning but will still be strong enough to produce a parliamentary majority if an election takes place in the spring. If their belief, in this regard, should be modified by developments of the next few months, the tendency would be to form a National government and go to the country on a platform of protecting the Imperial Economic treaties, of carrying the country through the remainder of the depression. Leading Liberals, not necessarily members of the present parliament, would be invited to join the ministry, and undoubtedly many would seriously consider such a proposition.

In any event, between now and April there will be political developments at Ottawa of importance to the country. It is safe to say that no decisions have yet been reached, no definite plan of campaign agreed upon. The election policy is still fluid, subject to change, but the current tends steadily toward the dissolution of Parliament in 1933.

Statute Stands in Way of Changing Nov. 11 Holiday

From Our Own Correspondent

OTTAWA.—Although the government is sympathetic toward the views of business men that there should be but one holiday in October and November instead of two, the only way out of the difficulty is either to repeal a statute enacted in 1931 or to abandon Thanksgiving Day entirely.

The recommendations sent to Ottawa by employers were based upon a supposition that the government could declare November 11 a holiday or not—just as it pleased. The fact, however, is that Remembrance Day not only is a statutory holiday but it cannot be linked to any other "day." The old practice of running Thanksgiving and Armistice day together cannot be revived unless the statute of 1931 is amended.

Thanksgiving Day, on the contrary, is a holiday within the discretion of the government. By withholding proclamation it could be suppressed, or it could be proclaimed so as to co-incide with some holiday other than Remembrance Day.

The governing clause in the Remembrance Day Act of 1931 reads: "Throughout Canada in each and every year, the eleventh day of November being the day in the year 1918 on which the Great War was triumphantly concluded by an armistice, shall be a holiday and shall be kept and observed as such."

This statute stands in the way of any change in Remembrance Day and politically speaking it is scarcely possible either to repeal or modify it. No obstacles however stand in the way of a change in the celebration of Thanksgiving Day.

PLAN INVESTIGATE LABOR CONDITIONS TEXTILE INDUSTRY

Government Announces New Principle in Tariff Policy

From Our Own Correspondent

MONTREAL.—An exhaustive investigation of employment and working conditions in the textile mills of Quebec will be one of the first duties of the new Advisory Tariff Commission, according to a statement made in the House of Commons by Hon. H. H. Stevens, Minister of Trade and Commerce.

Setting forth as a new and basic principle of the government's tariff policy, Mr. Stevens said that any protected industry desirous of continuing in receipt of the advantages which it is enjoying may be called upon, in future, to demonstrate that it is using the tariff not only for its own profit but also to provide fair treatment to its employees.

Protection Too Great?

The matter of labor conditions in the Quebec textile industry was brought before the House of Commons by A. A. Heaps, labor member for Winnipeg north-centre, who said that after studying comparative labor costs in England and Canada he had come to the conclusion that the wages paid in Canada were not sufficiently above the English scale to justify the protection which the industry was given.

In explaining the government's policy, Hon. H. H. Stevens pointed out when the government came into office it was faced with the problem of letting certain industries, such as cotton, woollen and textile industries, fend for themselves under the existing tariff, or to provide a larger share of protection. Had not additional protection been given, Mr. Stevens said that there can be no doubt but that the textile industry would have been wiped out in Canada, because other countries in their struggle to preserve their industries were willing to sell goods at sacrifice prices, whether they were inventory or newly manufactured goods.

Further Aid Granted

Bearing in mind the conditions that existed at the time, the government considered it the better policy to grant further protection in order to preserve the industry through this emergency condition of the past two years.

In dealing with the matter of wages, Hon. H. H. Stevens said that he had no comment to make one way or the other and then made the declaration of government policy in regard to the Advisory Tariff Board as outlined above.

STOCK CONTROL BRANDRAM PAINT IS NOT CHANGED

Norman Holland Placed in Charge of All Operations

From Our Own Correspondent

MONTREAL. — No change in control of Brandram-Henderson Ltd. is involved in appointment of Norman Holland as managing director of the company. George Henderson, president of the company, has had to relinquish his duties owing to ill health. Mr. Holland organized the Holland Varnish Co. in 1910 and sold it in 1928 to International Paints, Canada, in 1928. In his new position he will have complete charge of Brandram-Henderson and its subsidiaries.

The paint industry has been quick to reflect the effects of restricted industrial and constructional activity. Sales have dwindled and though Brandram-Henderson has published no figures during the current year it is understood that earnings have shown no tendency to improve over last year.

Earnings at Low Level

In 1931 net earnings totalled $100 and after all charges, including payment of dividends on preferred and common stocks, there was a deficit of $245,123. Surplus was reduced to $655,156; all dividends have now been deferred.

Funded debt at the end of last year totalled $1,006,600, comprising $169,600 of 6 per cent first mortgage bonds and $837,000 of consolidated mortgage bonds. The first mortgages mature in 1936 while the other issue falls due in 1939. In addition to these bonds the last balance sheet showed bank loans of $390,974.

Prices of paints have been reduced substantially in the past two years which has increased the problems of paint companies resulting from lower demand for their products. Brandram-Henderson wrote off $98,555 in 1931 for revaluation of inventories and securitiies.

CANADA-U. K. PACT HITS U.S. EXPORTS

$150,000,000 of Trade is Affected By Conference

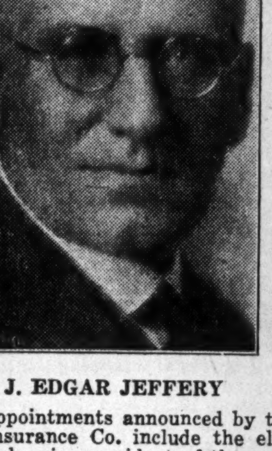
Separate investigations by the United States Commerce Department and the Chamber of Commerce of the United States have led these bodies to the conclusion that some $150,000,000 of United States exports to Canada and the United Kingdom are affected by the Empire tariff preferences granted through the Ottawa Conference.

United States officials believe that over $81,000,000 of their trade with the United Kingdom will be involved on the basis of 1931 figures. Some 66 to 69 millions of exports to Canada are also affected.

While only a portion of these amounts will actually be lost to the United States in trade, there will be a substantial difference in their commerce with nations of the British Empire. The figures given here are only for preferences between Canada and the United Kingdom, and the United States will also lose trade through other treaties signed at the conference.

Canada's trade with Empire countries increased substantially during October compared with the same month of the previous year and compared with the previous month. The October total was $30,903,375 which was an increase of $8,075,121 over September and $6,030,071 in October, 1931. The increase was actually larger when the decline in price levels is considered. The actual conference agreements did not come into effect through legislation until Nov. 17 so that their effect would not show in the October returns. The net result of the conference agreements will probably not appear in trade figures for some months.

London Life Executive Changes



J. EDGAR JEFFERY

EDWARD E. REID

New appointments announced by the board of directors of the London Life Insurance Co. include the elevation of managing-director E. E Reid to be vice-president of the company and the appointment of J. E. Jeffery as president. Mr. Jeffery is a son of Joseph Jeffery who assumed the presidency of the company when it was founded in 1874. He has been associated with the company for 40 years and has been a director since 1918. Mr. Reid has been in the company's service since 1894. Another change is the election of J. E. Smallman of London to the directorate.

Milling Companies' Profits Varied in Past Crop Year

Of Four Major Operators, Two Recorded Increased Earnings in Face of Troublous Export Market—Working Capitals Show Decline

From Our Own Correspondent

MONTREAL.—Earnings of flour milling companies for the past crop year tend to show wide variations. Comparison of income accounts reveals one point common to all, however; namely, that all companies were able to operate at a profit, whereas in the previous year one organization reported a heavy loss.

In the past crop year there was little alleviation of the difficulties encountered in export markets. Foreign exchange, competition and tariff walls tended to restrict business while in the domestic field baking subsidiaries continued to prove of little benefit to parent organizations other than providing an outlet for flour sales.

Two Report Increase

Of the four major milling companies, Lake of the Woods and Western Canada Flour Mills were able to report an increase over the previous year, improvement in the former's position being noteworthy. Ogilvie Flour Mills had a nominal decline and profits of Maple Leaf were sharply lower.

Following is a comparison of profit and loss figures for the past two crop years:

	1932 $	1931 $
Lake o' Woods	511,726	*935,468
Maple Leaf	265,863	741,571
Ogilvie Flour	†744,937	†755,149
Western Canada	136,885	63,949

*Loss. †Depreciation.

Exports Show Wide Drop

Figures are interesting when viewed in the light of exports in the year ended August 31. In that period total Canadian flour exports were 5,191,798 barrels compared with 6,596,608 barrels in the previous year. This decline in export shipments found reflection in mill operations which rarely were able to attain a level of over 50 per cent of capacity. Productive capacity of the industry is far in excess of domestic consumption and any grinding done for export means just so much reduction on overhead expenses.

Despite reduced rates of activity, bond interest was maintained on all funded debts of the four companies. Ogilvie Flour Mills redeemed its outstanding bonds last year and this company with Western Canada Flour Mills has been able to maintain preferred dividends. Ogilvie alone is paying on its common stock.

One factor which aided milling companies last year was the relative stability in the wheat market. In the previous period, millers had been faced with one of the most precipitous drops in wheat prices ever recorded, a factor which found reflection in inventories and earnings. Though earnings on the whole were maintained last year working capital positions of the four milling leaders failed to show improvement. Comparison of these indicates the strain to which these companies are subjected:

	1932 $	1931 $
Lake o' Woods	*1,434,657	*1,657,969
Maple Leaf	*1,722,874	*1,499,293
Ogilvie Flour	6,693,332	8,843,986
Western Canada	863,144	1,467,937

*Excess of current liabilities over current assets.

No Improvement in Bakeries

One of the most serious difficulties encountered last year was the continued lack of improvement in the baking industry, in which milling companies have become heavily interested in the past few years. Competition among bakeries continued at almost fever pitch throughout the period and price cutting broke out in several of the large centres.

Canada Bread Co., subsidiary of Maple Leaf Milling; Inter City Baking Co., (Lake of the Woods) and Consolidated Bakeries, (Ogilvie Flour Mills) all ceased to pay dividends, an indication of low profit margin on which these companies have been operating. The result has been that milling organizations secured but a meagre return on their investment in the baking subsidiaries while in some cases bakeries have caused a drain on the parent companies' resources.

Reference should be made to a smaller company, St. Lawrence Flour Mills. Though this company operates on a much smaller scale than its four contemporaries in the milling business it reported increased earnings last year and instituted dividend payments on its common stock after an interval of seven years.

BUTTER PRODUCTION DOWN 7 PER CENT

Production in First 9 Mos. of 1932 Off 6.2% From 1931

Production of creamery butter in Canada in September was 21,735,768 pounds compared with 23,382,920 pounds in the same month of 1931, a decline of 7.0 per cent, according to the Dominion Bureau of Statistics, Ottawa.

For the nine months ended Sept. 30, total production amounted to 168,197,544 pounds as against 179,381,856 pounds in the same 1931 period, a decline of 6.2 per cent.

New Brunswick showed a large increase during September compared with the previous year at 217,000 pounds as against 133,000 pounds in September, 1931. Although the New Brunswick returns are incomplete, this indicates an increase of 63.2 per cent. The same province shows the largest increase for the first nine months of 1932 compared with the same period of 1931, namely, 205,219 pounds or 10.6 per cent.

Other provinces showed small increases or fairly substantial declines in the nine months ended Sept. 30, and for the month of September the same was the case with the exception of British Columbia which increased its production by 11.7 per cent over the 1931 month.

Creamery Butter Produced in Canada Nine Months Ended September 30

	1932 lb.	1931 lb.	
P. E. I.	1,805,012	1,800,012	0.3
N. S.	4,776,343	4,748,852	0.6
N. B.	2,140,926	1,935,707	10.6
Que.	48,724,805	52,372,676	*7.0
Ont.	57,882,870	61,908,401	*6.5
Man.	16,052,525	17,168,439	*5.9
Sask.	15,019,237	15,717,911	*4.4
Alta.	17,753,220	19,368,614	*8.3
B. C.	4,042,606	4,361,244	*7.4
Canada ..	168,197,544	179,381,856	*6.2

* Decrease.

Directs Paint Firm

NORMAN HOLLAND

Who has been appointed managing director of Brandram-Henderson Ltd. and its subsidiaries.

"Big Three" Distilleries Seeking Equitable Basis For Merger of Interests

Walkers, Distillers Corp. and Canadian Industrial Alcohol Confer

STOP PRICE-CUTTING

Legal Export to U. S. Not Expected Quickly—Fall-out Over Atlantic Business Rumored

Merger of the distilling interests in Canada "on an equitable basis," as favored by W. J. Hume, president of Hiram Walker-Gooderham & Worts, at the annual meeting on November 18, 1932, depends on a good deal of compromise from the extreme bargaining positions taken by principals of the various companies. Rather keen attention on the stock market is being directed meanwhile toward the respective financial set-ups of Walker's, Distillers Corp.-Seagrams, and Canadian Industrial Alcohol. Though Walker's is strongest financially, all three have enormous stocks to sell and it has already been demonstrated by actual trial that orderly marketing on a plan profitable to all companies cannot occur by any arrangement short of actual union.

Project is Old One

The project for merging these large companies is not a new one. After the merger of Hiram Walker with Gooderham & Worts and of the Distillers Corp. with Joseph Seagram & Sons, representatives of the Distillers Co., Edinburgh, Scotland, which controls Distillers Corp.-Seagrams, were commonly reported in the course of several trips made across Canada to have canvassed the situation with the leading distillers. It was understood then to be their object to effect a merger of distillery companies across Canada into a powerful company which would co-operate with the dominant interests in the British Isles. The unwillingness of Canadian Industrial Alcohol at that time to enter into a merger is believed to have prevented union several years ago.

Since that time, however, all three companies have piled up enormous reserves of matured and maturing liquor and as the distilleries of England and Scotland have also been active on their side the international market has become a buyers' market and prices have been sharply reduced in consequence in the export markets outside Canada. Heavy federal and provincial taxes have prevented larger drops in retail prices in the Dominion.

Failed to Co-operate

It was an open secret that competition along the Atlantic Coast for the large business obtainable in the United States under prohibition has been a sore point with the "big three" in Canada and prices were reduced to a profitless basis. An attempt to meet this situation occurred early in 1931 when an export sales pool, known as Dominion Factors, was formed to further export business of the various companies. It was wound up in 1931 when it was found that it was impossible for these companies to co-operate on terms which all regarded as equitable. The Montreal companies were then understood to have arranged for export of their products under circumstances which gave them an advantage in freight costs over those of Hiram Walker-Gooderham & Worts. The latter company in the old days, when export could be made direct, had a very large business in the United States. The arrangement between President Hoover and the former Prime Minister, Rt. Hon. W. L. Mackenzie King several years ago by which final destinations of cargoes of liquor had to be declared when they were leaving Canada, practically cut off this business. It is hoped by the directors of the company that in time the Volstead Act may be amended so far as to permit the company to resume direct export as in the old days. They do not expect that this will be brought back very soon, however. In the meantime the Ottawa-Government is being urged to withdraw the old regulations hampering export. That might aid Walker's because so far a great deal of the campaign speaking has been in favor of allowing the sale of beer and wine in the United States with hard liquors seldom mentioned.

Want Better Bargaining Position

As buying throughout Canada has been concentrated in the hands of Provincial Liquor Commissions and in all probability United States purchases may be made in most cases by state liquor commissions' there is now an added inducement to directors of these various companies to try and effect consolidation in order that from the selling end they, too, may gain a better bargaining position. After three or four years of trying to come to a permanent arrangement with regard to territories and prices, it has been borne upon them that the most likely way in which to get peace between the companies is by a merger.

Walker Has Most Cash

The statement by Mr. Hume would indicate that the bargaining companies are somewhat far apart in their ideas. Hiram Walker-Gooderham & Worts has a much stronger financial structure than either of the other two companies. It is still paying at the rate of $1 annually on the cumulative preference redeemable voting stock but it only earned about 50 cents of that dividend in the year ending August 31, 1932. With more than $4,400,000 in cash and Dominion of Canada bonds, the company has been pursuing a policy of steady redemption of the preference stock. If this were pursued until the preference stock was entirely eliminated the company would have brought down its cash and bond position to a comparatively low point, but its assets would be then much closer in line with the assets of the other companies which both are strong in inventories, but not so strong in other liquid assets. It is understood that Distillers Corp. feels that its connections in the British Isles and established sales lines deserve greater recognition than some of the other companies have been willing to give in the past.

Distiller Corp. Still Earns

Distillers Corp. has outstanding 1,500,006 no par value common shares on which it earned 67 cents a share in the year ended July 31, 1932, $1.51 a share in the year ended July 31, 1931, and $2.27 a share in the year ended July 31, 1930. Up to the beginning of this year the company paid at the rate of $1 a share and then deferred the dividends in order to conserve cash assets. It shows an equity of about $13.24 a share including an unknown amount for goodwill while Hiram Walker preference stock shows $58.11 a share and the new no par value common $29.70 a share.

Falls on Evil Days

Canadian Industrial Alcohol, which some years ago was in a good financial position and earning large sums of money and getting a great deal of attention in the stock markets of Canada, has fallen on rather evil days in the last few years. Its stock outstanding consists of 969,480 class "A" shares and 123,435 non-voting shares of class "B" stock. In its last reported year the company had a loss of about half a million dollars and it has been obliged in the last few years to make some very large write-offs for losses of subsidiaries. In 1931 the company reported a loan of nearly $3,000,000; its cash position was weak and its working capital position vulnerable in that too much of its resources were tied up in inventories.

Inventories Are Huge

The inventory position of all three companies is extraordinarily large. Apparently all three, following the departure of Canada from the policy of prohibition, thought it a good thing to establish as large reserves of maturing liquor as possible, not only because of the demand in Canada, but because of the opinon of chief interests in these companies that sooner or later the United States might follow the same policy as Canada and that then the firms with the largest quantities of merchantable liquor would be in excellent shape.

For example, Hiram Walker-Gooderham & Worts Ltd., controls through its subsidiaries two plants having an annual output capacity of about 11,000,000 Imperial gallons of spirits. On August 31, 1932, it had a total stock of spirits amounting to 14,500,000 gallons.

Distillers Corp.-Seagrams in the plant at Ville La Salle, near Montreal, has a total capacity of about 4,000,000 gallons annually while the plant of Seagram & Sons at Waterloo, Ontario, has a distilling capacity of about 1,000,000 gallons per annum. Actual gallonage is not reported by Distillers Corp., but in 1931 it had more than $10,000,000 in whisky and spirits at cost, raw materials, barrels, kegs and supplies, whereas Walker's inventories of the same were shown at $14,718,526.

Canadian Industrial Alcohol Co. has a combined storage capacity in all plants of 14,000,000 gallons, with 6,000,000 gallons per annum capacity in the main distillery at Corbyville alone. The 1931 balance sheet showed the inventories of spirits, supplies, barrels, etc., to be $6,494,672 out of total inventories of $6,603,676.

Among these three companies there is, therefore, about $30,000,000 in inventories of liquors alone comprising all the numerous brands of gins, whiskies, ryes which have been developed by subsidiaries through many decades. They include also the Scotches for which some of these companies are agents

(Continued on page 10)

Island Newsprint Plants Kept Going

From Our Own Correspondent

MONTREAL. — Newfoundland newsprint mills continue to operate at a relatively high operating ratio, judging by figures on production released by the News Print Service Bureau.

During October the International Power and Paper Co. of Newfoundland and the Anglo-Newfoundland Development Co. produced 20,641 tons, bringing output for the year to date up to 228,905 tons. This compares with the all-time ten month record of 246,482 established in 1931.

The current production total is the third largest on record and compares with 239,403 tons reported in the first ten months of 1930.

United States Paper Needs Still on Decline

From Our Own Correspondent

MONTREAL. — Foreign newsprint tonnage purchased by the United States during the first nine months of 1932 amounted to 1,352,834. This compares with 1,542,361 tons for the corresponding period last year.

Examination of the returns, as prepared by the United States Department of Commerce and published by the Newsprint Service Bureau, shows that the percentage drop in Canadian purchases was only exceeded by that shown for Newfoundland. During the current period Canada shipped 1,159,826 tons compared with 1,316,396 tons last year.

Imports of newsprint into the United States from Newfoundland dropped from 111,498 tons during the first ten months of 1931 to 78,334 tons for the same period this year.

The amount of paper received from other countries (European) is practically the same as a year ago, the figures being 114,674 and 114,467 tons. Finland recorded a minor drop from 37,183 to 36,779 tons. Germany had a larger decline from 16,723 to 11,262, while Norway showed a healthy increase from 9,828 to 17,254 tons. Sweden shipped 48,226 tons, as against 50,698 tons a year ago. The balance of imports, amounting to 1,153 tons this year and 35 tons last year, came from several sources.

DIVIDEND NOTICES

SYLVANITE GOLD MINES, LTD.

(No Personal Liability)

DIVIDEND NO. 5 AND BONUS.

NOTICE IS HEREBY GIVEN that a semi-annual dividend of two per cent. (2%) and a bonus dividend of one-half of one per cent. (½ of 1%) on the outstanding capital stock of the Company have been declared by the Directors of the Company, both payable December 31st, 1932, in United States funds to shareholders of record at the close of business November 30th, 1932.

By order of the Board.

W. S. WALTON, Secretary.

Toronto, November 18th, 1932.

Lake Shore Mines, Limited

(No Personal Liability)

DIVIDEND No. 51 — BONUS No. 15

Notice is hereby given that a quarterly dividend of fifty per cent, on the issued capital stock of the Company, will be paid on the fifteenth day of December, 1932, together with a bonus of fifty per cent, to shareholders of record at the close of business on the first day of December, 1932.

By order of the Board.

KIRKLAND SECURITIES, LIMITED. Secretary.

Dated at Kirkland Lake, Ontario, November 16th, 1932.

The Dominion Bank

Notice is hereby given that a Dividend of two and one-half per cent upon the paid-up Capital Stock of this Institution has been declared for the quarter ending 31st December, 1932, making a total distribution of eleven per cent for the current year — the Dividend will be payable at the Head Office of the Bank and its Branches on and after Tuesday, the 3rd day of January, 1933, to shareholders of record of the 20th December, 1932.

By Order of the Board.

C. A. Bogert, General Manager.

Toronto, 17th November, 1932.

The Canadian Bank of Commerce

Dividend No. 183

Notice is hereby given that a dividend of Two and One-half per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 30th November, 1932, and that the same will be payable at the Bank and its Branches on and after Thursday, 1st December next, to shareholders of record at the close of business on the 31st day of October, 1932. The Transfer Books will not be closed.

By Order of the Board.

S. H. LOGAN, General Manager

Toronto, 21st October, 1932.

Imperial Tobacco Company of Canada Limited

DIVIDEND

NOTICE IS HEREBY GIVEN that an interim dividend (No. 100) of one and three-quarters per cent (1¾%) on the paid-up Ordinary shares of the Company has been declared payable on the 31st day of December, 1932, to shareholders of record at the close of business on Wednesday, the 30th day of November, 1932.

By Order of the Board.

F. P. L. LANE, Secretary.

Montreal, Que., 18th November, 1932.

The Montreal Cottons Limited

NOTICE IS HEREBY GIVEN THAT A QUARTERLY DIVIDEND OF ONE AND THREE QUARTERS per cent (1¾%), being at the rate of Seven per cent (7%) per annum, has been declared upon the Preferred Stock of the Company, also a Dividend of One and one-half per cent (1½%), being at the rate of six per cent (6%) per annum, has been declared on the Common Stock and payable to all shareholders of record November 30th, 1932, and that cheques will be mailed to them on the 15th day of December, 1932.

By Order of the Board,

HUGH A. WILSON, Secretary-Treasurer.

DIVIDEND NOTICE

Canadian General Electric Company, Limited

Preference Dividend No. 91

Notice is hereby given that a Dividend of one and three-quarters per cent for the quarter ending the 31st day of December, 1932, being at the rate of seven per cent per annum, has been declared on the Preference Stock of the Company.

Common Dividend No. 112

Notice is also hereby given that a Dividend of $1.00 per share for the quarter ending the 31st day of December, 1932, being at the rate of eight per cent per annum upon the par value of the stock, has been declared on the Common Stock of the Company.

The above Dividends are payable on the 2nd day of January, 1932, to shareholders of record at the close of business on the 15th day of December, 1932.

By Order of the Board,

W. H. Nesbitt, Secretary.

TORONTO 2, November 18, 1932.

BARCELONA TRACTION, LIGHT & POWER COMPANY, LIMITED

(Incorporated under the Laws of the Dominion of Canada)

5½% FIRST MORTGAGE BONDS

NOTICE IS HEREBY GIVEN that the half-yearly interest on the 5½% First Mortgage Bonds of the Company, payable in Pesetas, and due 1st December, 1932, will be paid on and after such date at the Office of Messrs. Arnus-Gari, 9 Paseo de Gracia, Barcelona, Spain, against production of Coupon No. 42.

Bondholders have the option of collecting the above peseta interest at The Canadian Bank of Commerce, Toronto, in Canadian currency at the current rate of exchange between Madrid and Toronto for the day upon which such coupons are presented for payment.

DATED this 22nd day of November, 1932.

For BARCELONA TRACTION, LIGHT & POWER COMPANY, LIMITED

R. H. MERRY, Secretary.

CANADIAN WESTERN LUMBER

Statement of Lumber Manufactured, Sales and Price Realized

Sept.:	1931 feet	1932 feet	Increase feet
Lumber mftd.	4,898,298	8,985,300	4,087,002
Lumber sold	4,410,573	9,657,900	5,247,327
Price realized	$58,935	$107,300	$53,365
Aggre. mftd.†	70,842,404	75,777,006	4,934,602
Aggre. sold†	73,621,956	73,162,934	*459,022
Price realized†	$1,052,885	$896,673	*156,212

A strike lasting from 16th September, 1931, until 30th November, 1931, affects the comparative returns shown above.

*Decrease. †From Jan. 1 to Sept. 30.

FINANCE FIRMS ON LOOKOUT OTHER FIELDS

Shrinkage of Business Noted in Motor Industry

WANT OUTLETS

Several New Fields Are Being Surveyed With View to Further Development

From Our Own Correspondent

MONTREAL—Finance companies, seeking to offset shrinkage of business in the automotive field, are investigating new fields of endeavor. Insurance premium financing has spread rapidly in the United States and is now under consideration in Canada while some companies are now engaged in financing payment of property taxes.

The plan is largely a product of the times. A property owner confronted by a substantial tax bill and a notice of sale by the municipality can now obtain funds from the finance company who in turn assumes the equivalent of a mortgage on the property in question.

The scheme is being investigated by some of the larger Canadian finance companies though certain obstacles are apparent. Possibly the greatest of these is the fact that default in the instailment payments by the property owner would result in taking over real estate. Though the property might have undoubted potential value, the real estate market at present is such that a finance company might find itself with a goodly parcel of frozen assets on its hands if it had to carry out the terms of its agreement with a defaulting client.

Seeking New Outlets

Restricted purchasing power of the public is forcing finance companies to find new outlets for their activities. Automobile financing, which has played such an important part in their total business, has shrunk badly. Radios, washing machines, electric refrigerators have all tended to take up some of the slack but total sales of these have dwindled in the past year or two. Consequently a finance company with even a well diversified list of paper is faced with a sharp contraction in its business.

Radio sales have constituted an excellent medium for finance companies' operations in the past but those close to the situation are inclined to view this type of business with extreme care today. It is felt that the radio market is glutted with stocks carried over from previous years; obsolescence is always menacing existing models and prices are unstable. This uncertain situation has tended to make finance acceptance companies a trifle wary of the radio market and some are not going after this type of business as strongly as was the case two years ago.

Finance Insurance Premiums

Financing of insurance premiums has yet to be practised on a wide scale in Canada. In the United States this business has provided an outlet for the funds of some acceptance companies who have seen in insurance premiums an opportunity to increase their business; in Canada the subject is still the grounds of hot discussion.

Credit Factor is Stronger

Strangely enough some acceptance companies have found that credit extended in the past two years has proved more satisfactory than financing undertaken during the boom days in 1929. In those days, it is stated, purchasers were careless and undertook to pay for articles which at the best of times they could ill afford; with the business decline their position became untenable.

More recently, however, a stricter sense of economy has become apparent and though buying has been restricted, credit risks have been sounder. Indications have been that purchases are now made where there is a real need and buyers are not inclined to take on obligations which they have not been able to meet.

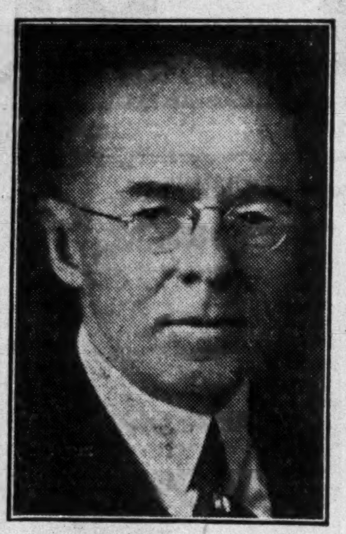
Instalment financing has grown to be a vital factor in present day merchandising but it is dependent on the buying power of the public. While it has enlarged that buying power through extension of credit to the consumer, it has not been immune from inroads which existing conditions have made into the public purse.

Industrial Acceptance Corp., a finance company in which there is a public investment interest, reported net income of $213,742 in the year ended December 31, 1931, which compared with $312,423 in the previous year. Gross income actually showed an increase but larger expenses and interest on loans reduced the net figure.

Joins Agency

B. E. LEGATE, who has been appointed by Norris-Patterson Ltd., advertising agency as an account executive attached to the head office in Toronto.

Elected Director



A. J. WALKER, C.A., elected a director of the Empire Life Insurance Co.

MANITOBA POOL GOES BANKRUPT FOR $2,504,057

Largest Claim Made by Manitoba Government for $2,363,202

From Our Own Correspondent

WINNIPEG—Claims aggregating $2,504,057 were filed at a meeting this week of creditors of the Manitoba Wheat Pool Ltd. recently declared bankrupt. The claim of the Gillespie Grain Co., for $77,486 for an unsatisfied judgment for rent of a terminal elevator had resulted in the proceedings which led to the bankruptcy order. The largest claim was filed by the Government of Manitoba, amounting to $2,363,202, which was secured, and this was protested on technical grounds by the solicitor for the Gillespie Grain Co., as not being in correct form, either as to proof or as to valuation of its securities. The Great West Life Assurance Co. appeared as a creditor for $42,000, covered by a mortgage on a terminal elevator in St. Boniface.

Central Agency Creditor

Canadian Co-operative Wheat Producers Ltd, the pool central selling agency, appeared as a creditor for $19,342, book balance on the purchase and sale of grain, while Manitoba Pool Elevators Ltd. is a creditor for $4,668.

The appointment of the London and Western Trust Company as permanent trustee was confirmed at this meeting. Three inspectors were named by the creditors, R. H. Pearson, deputy provincial treasurer, Paul F. Bredt, president of the Manitoba Wheat Pool and Manitoba Pool Elevators, and R. J. McGuckin.

"BIG THREE" DISTILLERIES SEEKING EQUITABLE BASIS

(Continued from page 9)

as well as imported wines, whiskies and beers.

Bank Must be Considered

The merger would entail taking care of Canadian Industrial Alcohol Co. indebtedness to the bank to whom it owes considerable sums of money and the eventual conclusion of the case taken by Lady Davis against the executors, asking that they be removed from control of the company. Back in 1929 an effort was made to stop the annual meeting of the company and to block any merger negotiations with other distilleries. The court decided in favor of the executors, but an appeal was taken by Lady Davis. If that situation is cleared up in the immediate future as expected it is believed that other difficulties would not prove so great.

Heavy Whisky Shipment Made

Heavy whisky shipments are being made from Montreal to St. Pierre et Miquelon, French Islands off the south coast of Newfoundland, from which the liquor eventually finds its way to the United States. The movement at this season is reported by the Montreal Gazette marine editor to be particularly heavy, as the distilleries are anxious to supply as large a proportion of the winter requirements before the close of navigation on the St. Lawrence. Rail charges from Ontario points to Halifax add materially to the total cost of transportation to the islands.

It is estimated that the Newfoundland Canada Steamships, Ltd., has shipped some 150,000 cases of whisky to St. Pierre et Miquelon this season. The new passenger and freight steamer Belle Isle has made twelve trips east from Montreal this season, carrying an average of 10,000 cases on each voyage. She makes her final sailing on November 26, and will be well laden with some 20,000 cases.

The Delia, Reinunga, Bill, Dampfire, Vaga and Dewstone, operated during the season by the Newfoundland-Canada Steamships, Ltd., have also carried out a quantity of whisky, some cargoes having been embarked at lake ports.

	Walker	Dist. Corp.	C. I. Alcohol
Inventories	$14,718,526	$10,000,000	$6,494,672
Cash and bonds	4,486,910	283,132	*560
Stocks:			
Preferred, n. p. v.	514,345	......	......
Earned	0.50	......	......
Dividend rate	1.00	......	......
Common, n. p. v.	660,000	1,500,006	1,092,915
Earned	nil	0.67	nil
Dividend	nil	nil	nil
Equity of common	29.70	13.24	7.52
Funded debt	......	†4,064,193	‡4,444,665
Bank loans	......	nil	*2,710,723

* All Canadian Industrial Alcohol figures refer to year ended July 31, 1931.
† Special loans. ‡ Debentures of subsidiary, Robert McNish.

"Instructive"

"Cheque for renewal enclosed herewith. Your paper is exceedingly interesting and instructive to me."
—From a reader in Vancouver.

"I sure do appreciate The Financial Post. As a worker who has always been ready to invest my savings I only wish I had been able to have made use of it earlier in my experience, it would have saved me thousands of dollars."
—From a reader in California.

PULP AND PAPER EXPORTS HIGHER DURING OCTOBER

Seasonal Gain Recorded Last Month — Behind 1931 Figures

From Our Own Correspondent

MONTREAL.—Exports of paper and its manufactures in October were valued at $7,036,889 compared with $5,633,443 in the previous month, and worth $9,022,072 in October, 1931. Of these, newsprint exports were valued at $6,754,504 in October this year, an increase of $1,330,000 over the previous month but comparing with $8,711,521 in October last year.

Exports of newsprint amounted to 148,934 tons in October, representing a seasonable gain over 119,277 tons exported in September. In October, 1931, however, exports were 171,030 tons.

Newsprint Sales Off

For the 12 months ended October 31, newsprint exports amounted to 1,819,187 tons compared with 2,075,399 tons in the same period last year. Values dropped from $112,438,144 to $87,769,127 in the 12 months period.

Exports of wrapping paper showed an increase of nearly 100 per cent at 15,231 cwt. but were lower than the 18,021 cwt. reported in October last year. Paperboard exports were worth 97,904 cwt. compared with 71,247 cwt. in the previous month and 111,402 cwt. in October, 1931.

Pulp exports were 944,145 cwt. an increase over the 632,723 cwt. reported in September, but down from 1,140,403 cwt. exported in October last year. Exports of kraft pulp were up 17,000 cwt. at 89,276 cwt. compared with September, but were 27,000 cwt. below exports in October, 1931. October exports of sulphite at 378.575 cwt. also showed a gain over the previous month, but were down 111,000 cwt. compared with October last year.

Groundwood Shows Gain

Groundwood pulp exports were the only figures to show an increase over the same month last year. Exports totalled 393,020 cwt. compared with 173,127 cwt. in September and 258,585 cwt. in October, 1931. On the other hand, unbleached sulphite exports showed a corresponding decline totalling 73,921 cwt. In the previous month this figure was 85,340 cwt. and in October last year was 242,356 cwt.

Exports of pulpwood continue to show a decline. In October these totalled 56,463 cords down 18,000 cords from the previous month and comparing with 96,780 cords in October, last year.

Laprairie Co. Issue New Executive List

From Our Own Correspondent

MONTREAL. — Announcement is made of the executive and capital set-up of the Laprairie Co. Inc., which was recently formed to acquire the Delson properties and Montreal business of the Cooksville Co. and the Laprairie and Delson plants of the National Brick Co.

Hon. Rodolphe Lemieux has been elected chairman of the board, with Edward Fitzgerald as president. C. G. Greenshields, K.C., is vice-president, while the board of directors comprises: Paul Galibert, W. Gordon Hanson, Dr. Milton L. Hersey, C. V. Heward, J. E. Labelle and Col. E. M. Renouf.

Capitalization of the company is as follows: $500,000 6 per cent. 20 year first (closed) mortgage bonds (not issued to public but to be used as collateral at bank; $500,000 6 per cent; cumulative redeemable first preferred stock consisting of shares of $100 par value each; $1,562,500 6 per cent cumulative redeemable second preferred stock consisting of $100 par value shares, and 100,000 shares of no par value common stock.

The new company's plants have a capacity of 300,000 brick and 100 tons tile daily. At present the company has in operation one plant at Laprairie and one plant at Delson.

Quebec Helps Operators by Cutting Stumpage Dues

From Our Own Correspondent

MONTREAL. — Quebec pulp and paper companies stand to benefit by the recent Quebec order-in-council reducing stumpage dues and ground rent on leased timber limits. The government has ruled that for the season 1932-33 the rate of ground rent will be reduced to $5 a square mile for licenses cutting timber on leased limits, while the stumpage dues for timber cut during the season are fixed at $2 per 1,000 f.b.m., or $1 a cord.

In order to obtain the benefits of these reduced rates, the operators are obligated to recruit their staff exclusively among the workmen of the province, with preference being given to married men. It is also agreed that a reasonable wage be paid to the workmen either for the cutting or the transportation of the timber.

Regent Knit Bondholders Extend Bond Maturities

From Our Own Correspondent

MONTREAL.—Bondholders of Regent Knitting Mills have agreed to postponement of the maturity date of the serial bonds issued by the company. Originally some $600,000 of the bonds had been issued but redemptions have brought the outstanding amount down to $389,000.

At the special bondholders meeting, it was agreed to postpone the maturity date of the issued bonds to September 1, 1942; the company binding itself until that date to pay to the trustee, starting from September 1, 1934, an annual sum of $10,000 to be used for the gradual redemption of the bonded debt.

Interest charges continue to be paid regularly at the rate of 6½ per cent.

BUILDING PERMITS GAIN 39 PER CENT

October Figures Show More Than Seasonal Gain

The estimated value of the building authorized by 61 cities during October was $3,056,147; this was an increase of $852,607, or 38.7 per cent, as compared with the September total of $2,203,530.

Some 50 cities furnished detailed statistics, showing that they had issued over 350 permits for dwellings estimated to cost approximately $1,400,000, and about 2,000 permits for other buildings valued at almost $1,650,000. During September, authority was granted for the erection of about 400 dwellings and 1,800 other buildings, the estimated cost in each category being about $1,000,000.

Quebec Gains Most

Nova Scotia, New Brunswick, Quebec and Ontario recorded increases in the value of authorized building as compared with September, 1932, that of $833,575, or 183.1 per cent in Quebec being greatest. The largest decrease in this comparison was that of $186,492, or 42.5 per cent in British Columbia.

In comparison with October, 1931, there were declines in all provinces the total decline being $5,386,490, or 63.8 per cent; Quebec reported the most pronounced losses, amounting to $2,310,160, or 64.2 per cent.

Montreal and Toronto showed an increase over September, 1932, but a reduction as compared with October, 1931, while Winnipeg and Vancouver recorded decreases in both comparisons. Of the other centres, Westmount, Belleville, Galt, Hamilton, Sandwich, Woodstock and Nanaimo reported increases over both September, 1932, and October, 1931.

Leman Says High Wages Handicap Goods Produced

Beaudry Leman, general manager of the Banque Canadienne Nationale, in addressing the Purchasing Agents Association of Montreal, stated that our present economic ills were due to a "disorderly economic metabolism." He indicated that our civilization is composed of specializing individuals who produce only to exchange their production with their fellow men, and that if nearly everything must be exchanged there must be found a fair basis of exchange.

Speaking of wages in this regard, Mr. Leman said: "Another symptom of disorderly metabolism may be found in the attempt—which I will immediately acknowledge to be generally inspired by noble motives and a sincere desire to provide relief—to maintain high wage rates and reduce the number of working hours. Please do not misunderstand me and believe that I am in favor of sweated labor and that I suggest reverting to a 12 or 14-hour day of labor. I submit that a three or four-hour day for five days a week is going to the other extreme and that, when you incorporate into a produce or service only one-quarter or three-eighths of a year's normal work, you are placing that product and service at an overwhelming disadvantage when it is to be exchanged against a product or a service which represents and expresses a normal year's work."

1930 Wholesale Trade $12,579,500 in 2 Cities

There were in Moncton, N.B., in 1930, 36 wholesale establishments with 292 employees, payroll $214,100, $5,764,800 sales, and $941,500 stocks on hand at the end of the year. The census population was 20,689.

There were in Sydney, N.S., in 1930, 29 wholesale establishments with 176 employees, payroll $258,900, net sales $6,814,700 and stocks on hand at the end of the year $582,600. The census population was 23,089.

Montreal Island Power Bond Exchange Extended

From Our Own Correspondent

MONTREAL.—The offer to exchange the bonds of Montreal Island Power Co. for those of Montreal Light, Heat and Power Consold. has been extended to the end of this month. Holders of Montreal Island first mortgage bonds had been offered an exchange of securities up to October 31, at which date Montreal Power was obligated to carry the deal through if 65 per cent of the bonds had been deposited, while the right to accept the exchange was reserved by the power company irrespective of the number of bonds deposited.

In connection with the extension of time, a communication has been addressed to the bondholders of Montreal Island Power Co. by Nesbitt, Thomson and Co., reading, in part, as follows: "The offer to exchange this company's bonds for Montreal Light, Heat & Power Cons. 5 per cent series B maturing March 1, 1970, which was extended from October 31st, will expire on November 30, 1932.

"Holders of over 65 per cent of Montreal Island Power Co. bonds have already accepted this offer and have deposited their bonds, together with payment of $2.56 for each $100, with the Montreal Trust Company."

Dom. Textile Sources of Dividends Revealed

From Our Own Correspondent

MONTREAL. — Shareholders of Dominion Textile Co. are informed that their current quarterly dividend of $1.25 a share continues to comprise 75 cents from operations and 50 cents from investments. Mills of the company are operating on about the same basis as this time last year; at the end of March, 1932, investments and call loans totalled $5,324,433.

Earnings to date have shown no tendency to improve compared with the same period of last year. In the year ended March 31, 1932, profits after all charges were equal to $4.44 a share on the common compared with dividend payments of $5 a share. Surplus was reduced by $152,286 to $7,363,266.

Thrift Stores Earns Preferred Dividends

From Our Own Correspondent

MONTREAL. — Sales of Thrift Stores during the current fiscal year which began April 1 have been maintained and though net profits are reported to be slightly lower, earnings have been sufficient to cover preferred dividends. The company operates a chain of 69 grocery units in Montreal.

Earnings in the last fiscal year were equal to $1.91 a share on the common after payment of dividends on the first and second preferred shares. Net earnings totalled $107,131 compared with $95,780 in the previous period.

Retail Trade in Welland

There were 190 retail stores in Welland in 1930, with 497 employees, payroll $512,700, and sales of $5,285,400. There were 49 service establishments with 78 employees, payroll $66,700 and receipts $294,100. The food group had 66 stores with 111 employees, payroll $101,400 and sales of $1,459,800. Seven dealers in automobiles had sales of $734,300. Population 10,709. Of the 190 retail stores, 147 were single store independents.

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General Distributors

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21 Melinda St., Toronto

Heinz Ketchup Plant Gets European Business

As a result of agreements reached at the Imperial Economic Conference, all ketchup produced by the H. J. Heinz Co. for export to the United Kingdom and other European countries will hereafter be produced at the company's plant at Leamington, Ont. Large quantities of ketchup have been produced at Leamington for export in the past, but under recently issued orders there will be an important increase in production from this plant, according to Canadian Grocer.

Export business formerly handled by plants of the Heinz Company in the United States will be transferred to the Leamington plant, which, it is said, will be working at full capacity to fill the increased demand. Although the major portion of the Leamington ketchup production is exported to Britain, Canada takes her share also, being the largest per capita ketchup using country in the world.

New Brunswick Tourist Trade Well Maintained

From Our Own Correspondent

MONTREAL.—Decrease of .10 per cent in the tourist trade of New Brunswick for the current year up to October 31, as compared with the same period last year, is announced by the New Brunswick Government Bureau of Information and Tourist Travel.

Automobile tourist parties entering the province this year numbered 48,844, as against 54,633 last year.

These figures deal only with the tourists entering New Brunswick from the United States, but officials of the Bureau declare that traffic from Quebec and Ontario this year to have been larger than at any other time. The decrease in tourist traffic from the States is the smallest reported by any of the three Maritime provinces this year and is less than several other Canadian provinces.

NOTICES

TRUST COMPANY OFFICER

An old established loan company is going to develop the "trust company" end of its enterprise and has an opening for an experienced trust company man who has the ability to solicit and develop this class of business.

Please give full particulars in first letter.

Applications in absolute confidence.

Box 101, The Financial Post, Toronto.

SALES EXECUTIVE WANTED

Aggressive, clean-cut sales executive with successful record, a man capable of creative thought and constructive ideas and having the sales instinct, vision and energy to rebuild a business. Wide experience in all phases of Marketing and Distribution through all channels from Manufacturer to Consumer, essential. Well-known, highly-regarded company has unusual opening with liberal salary for right man. Kindly give full particulars first letter, strictly confidential to Box 201 "The Financial Post," 1070 Bleury St., Montreal.

Tenders for Debentures Town of Carleton Place, Ont.

Tenders will be received by the undersigned, up till 12 o'clock noon, Thursday, December 1st, for $22,300—20 year—5% Unemployment Relief Waterworks Extension Instalment Debentures. Highest or any tender not necessarily accepted.

H. J. LEIGH, Clerk-Treasurer.

Have you fallen heir to a tiresome TASK ?

IF YOU have been appointed Executor of the estate of some relative or friend, and if you are finding the task of administering the estate uncongenial, then permit us to come to your assistance.

Appoint The Royal Trust Company your agent and get rid of the tiresome task. We have a staff efficient through many years of experience. Our fees are no greater than those allowed by the court to an individual executor; and it is a fact that our administration often saves an estate more than the amount of the fee.

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Branches throughout Canada

ASSETS UNDER ADMINISTRATION EXCEED $576,000,000

200

1933!

A New Game . . . New Players . . . . . and dealing from a new deck

IT ISN'T safe for a manufacturer or distributor of goods to take for granted that the sales and promotion work he did five years ago, or even two years ago, will stand him in good stead during 1933.

There has been an appalling turnover of buying authority in 1931 and 1932. Hundreds of buyers have changed their jobs or lost their jobs. And this turnover has undermined the foundation of many a manufacturer's standing in his market.

If you have closed branch offices or cut sales staffs in the past two years; if you have passed up trade paper advertising and otherwise pulled your sales punch, these new buyers may not know much about you. Do not expect a depleted and disheartened sales force, unassisted, to bring in wads of 1933 business. They can't. Those salesmen of yours will be sitting in a new game, with a new lot of players and dealing from a new deck.

Wouldn't it be a good idea to start now, as from the beginning, and build up a new trade connection; — get your products known favorably by present day buyers? And you can do that very thing, most quickly and at least expense by telling your story in adequate space to the key buyers of your trade through business newspapers.

THE BUSINESS NEWSPAPERS NOTED BELOW ARE PREPARED TO DO A REAL JOB OF SELLING IN 1933 FOR MANUFACTURERS INTERESTED IN REACHING PRESENT DAY BUYERS. WRITE THE INDIVIDUAL PAPER FOR THE WHOLE STORY.

Hardware and Metal - Canadian Grocer
Men's Wear Review - Sanitary Engineer
Dry Goods Review - Drug Merchandising
Canadian Paint and Varnish Magazine
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Laura Secord Record Shows Steady Progress

Well-known Candy Chain With Conservative Management Improves Position in Bad Year —Liquid Position Extremely Strong

Operating in what is generally regarded as a luxury type of business, Laura Secord Candy Shops Ltd. has had a consistently good record of sales and earnings since December, 1926, when the public was offered an interest in the business. Not only have dividends been paid regularly but a substantial surplus has been built up and invested in high grade government and municipal bonds. So strong is the liquid position of the company that the common stock, listed on the Toronto Stock Exchange, has shown marked price stability and while the relatively small amount of stock available for floating supply precludes the possibility of the stock becoming a stock market leader so far as volume of trading and sharp price fluctuations are concerned the stock merits attention of investors who are seeking a sound diversification.

Laura Secord Candy Shops Ltd. was incorporated in December, 1926, to acquire the assets of Laura Secord Confections Ltd. At that time there were 57 stores in operation of which 32 were in Ontario and 25 were in Quebec. The business was originally established in 1913 when one candy store was opened in Toronto and operations since 1913 have always been conducted at a profit. At September 30, 1932, the close of the last fiscal year, there were 79 stores in operation supplied by two manufacturing studios. Operations are centred in Toronto and Montreal where the studios are located and there are 30 stores in each of these cities. In addition, stores are also operated in the larger cities of Ontario and Quebec. The manufacturing studios are owned outright while the retail stores are all leasehold.

Has One Quality at One Price

The company manufactures all of its confectionery products which are sold solely in its own stores. The stores, distinctive in design, well located and kept scrupulously clean, retail only fresh merchandise which is sold in Canada at a uniform price for cash. The successful merchandising policies of the company have built up a valuable goodwill on the part of the consuming public which is shown with characteristic conservatism at $1 in the company's balance sheet. The products sold by the company are confined to confections only which can be sold in quite small stores although during the past year jams and jellies have also been sold. In none of the retail stores is a soda fountain or sandwich shop operated. Candy is sold at the uniform price of 50 cents per pound.

Sales reached a peak of $2,298,909 in the year ended September 30, 1929, dropped to $2,166,650 in 1930 and $1,861,511 in 1931 but increased to $1,901,566 in the year just ended. The increase of 2.1 per cent in dollar volume of sales in the past year has been accomplished as a result of a reduction in price of candy sold from 60 cents to 50 cents per pound which was placed in effect in September, 1931, and as a result of this increase there has been substantial increase in the unit volume of sales and in the number of customers. With an improvement in business conditions it can be expected that the increased patronage of the past year will be retained and extended. Expansion in the number of stores has been very conservative during the past few years with two stores added in 1931-32.

Record of the company's gross sales and net profit available for dividends in the past six years is as follows:

Year ended Sept 30:	Gross sales	Net profit
1927	$1,983,130	$167,812
1928	2,152,952	206,438
1929	2,298,909	339,765
1930	2,166,650	379,754
1931	1,861,511	300,037
1932	1,901,566	281,262

It will be observed that net profit available for dividends in the year ended September 30, 1932, shows a decrease of 6.2 per cent despite an increase in gross sales. This is due in large degree to increase in Federal and municipal taxes which more than offset reduced production costs arising from large volume. It may be noted at this point that the company has maintained the wages of its employees without reductions and has even increased its staff.

Preferred Was Converted

When the company was publicly financed capitalization consisted of 7,500 shares of $100 par value cumulative convertible sinking fund 7 per cent preference stock and 35,000 no par value common shares all of which was issued and outstanding. Within four years all of the preference stock had been converted into common on the basis of three common shares for each share of preferred and the company now has only one class of stock of which there are 57,500 shares outstanding. On the common stock quarterly dividends at the rate of $2 per annum were paid from December 1, 1928, to September 1, 1929, inclusive, and since that time at the rate of $3 per share per annum. The margin by which this dividend has been earned would indicate that with improvement in business conditions additional dividend disbursements are not unlikely.

Year ended Sept. 30:	Common shares issued	Common shares earned*	Added to surplus after divds.
1927	35,000	$3.54	$124,158
1928	36,710	4.28	157,041
1929	41,003	7.22	219,048
1930	57,464	6.56	208,181
1931	57,500	5.22	127,524
1932	57,500	4.89	108,762

*After provision for preferred dividends from 1927 to 1930, inclusive.

Owing to the nature of the business extremely small inventories are necessary and fixed charges are small. Inventories at September, 1932, were carried at $80,649 and even with high commodity prices would not average above $100,000. Capital invested in fixed assets is relatively small and while the number of stores has increased from 57 to 79 in the past six years, the value of fixed assets as shown in the balance sheet has been reduced from $646,988 in 1926 to $321,484 in 1932, after depreciation. Showing a substantial surplus each year, after payment of dividends, the company has built up a large liquid reserve which at September 30, 1932, included investments at $1,348,705 and cash at $76,227. Investments were carried at book value which was less than market value and consisted almost entirely of high grade bonds. Current liabilities are negligible in face of this strong liquid position and income tax reserve is always the chief item.

Interest in U. S. Company

In addition to its investments in bonds, the company holds a minority interest in Fanny Farmer Candy Shops Inc. which operates a similar chain of candy stores in the United States under practically the same management. While the two companies are separate entities, control of both is held by Frank P. O'Connor, president and founder of the company and policies and methods of operation are largely similar. Investment of Laura Secord Candy Shops Ltd. in Fanny Farmer Candy Shops Inc. is one of potential as well as present value.

While the common stock of Laura Secord Candy Shops Ltd. is not traded in heavy volume on the Toronto Stock Exchange there is always a market for it. At the present price of $39 per share this stock yields a return of 7.7 per cent on the basis of the $3 annual dividend which appears to be quite secure. An increase in the dividend rate or the payment of a bonus would appear possible at some future date since the liquid position of the company is much stronger than is actually necessary to carry on business with full security. At September 30, 1932, the equity of each share was $32.17 on the basis of total assets less current liabilities. Actually the equity was somewhat higher since investments in bonds and Fanny Farmer preferred stock were carried at less than market value. The equity of the common shares has shown an annual increase since 1926 when the equity was only $4.41 per share.

Toronto Bonds

Kindly give me a report on Toronto 5 per cent bonds, due 1943.

Bonds of the City of Toronto are given a very high investment rating not only in Canada, but in New York and London. The city is considered to be sound financially, and its bonds are even more marketable than those of certain of the Canadian provinces.

Graphic Publishers

What has happened to Graphic Publishers?

Graphic Publishers, Ltd., of Ottawa, went bankrupt. Alfred C. Trew, chartered accountant, Ottawa, was appointed trustee.

To Hold or Sell

With regard to the enclosed list of securities would I be well advised to dispose of some or any of them and take my loss?

At present and for one year I do not need to realize on any of these securities. I realize that most of them are much below my purchase price. The main question is which of them should I hold and which of them should I have in mind to dispose of? I shall be greatly obliged if you find time to express an opinion upon the matter.

Massey-Harris common stock is not worth more than its market value until improvement in purchasing power of farmers in Canada, and elsewhere in the world where Massey-Harris sells, enables it to show yearly an improving financial and earning position. Even under more favorable conditions it would probably take several years for the company to work into a position of value to the common stock.

Imperial Oil common stock prices have a closer relation to present earnings and dividends than at any time in the past decade. The reason is that in the past decade hopefulness with regard to the future of this company and its stock has been very strong whereas at present the serious overproduction of crude oil and the pressure of oil products on the markets of the world has reduced that hopefulness as to operations of the next year or two to a very large degree. Imperial Oil and Standard Oil of New Jersey are the leading companies in their respective countries and their financial position is so strong that they should be able to make way against prevailing tendencies better than most.

Moore Corporation in the few years of its existence as a holding company has given an excellent account of itself in spite of the business depression. The company is in a good position, whether present dividends are maintained continuously or not, to take advantage of any improvement in business conditions. That obtains as well for F. N. Burt.

United Dairies is a large company doing business in Alberta and British Columbia. It is well regarded but does not publish a financial statement. Some recession in earnings is understood to have occurred in 1932.

Guaranteed Bonds

As a subscriber to your valuable paper I have read with interest the page in your paper entitled "Your Investments."

Would you inform me whether the security of a Dominion Guaranteed Canadian National Railway bond, 5 per cent, due in 1954, or 1969, is just as good as a Dominion National Service bond of a Dominion Conversion bond? In other words is there anything in the nature of the guarantee of these C. N. R. bonds that renders them less secure than straight Dominion bonds?

While we cannot give a legal opinion on the value of the Dominion Government guarantee as compared with the direct Government obligations, investors regard a bond guaranteed by the Dominion Government to be of equal value to a direct bond.

Dominion Park

I saw that shareholders of Dominion Park met a short time ago. Would you tell me the results of last year's operations?

The financial statement of Dominion Park Co. for the fiscal year ended October 31, 1932, has not yet been issued. It is true that shareholders held a meeting a short time ago but it was not to receive the annual report. At the meeting shareholders authorized directors to explore the possibilities of selling a portion of the company's land, proceeds to be used to meet pressing liabilities arising from an unfavorable operating season. No details on earnings, other than that they were unsatisfactory, are available for last year. The statement should be published within the next month or so.

Champion Simmons

A friend has purchased a savings certificate issued by Champion Simmons Investment Corp. under which he has contracted to pay $6.50 monthly for 10 years. At the end of that time $1,000 will be paid by this corporation. Could you advise us as to the financial position of this company and as to whether this firm is showing any progress?

We are not aware of the financial standing of Champion Simmons Investment Corp. which has been in operation in Saskatchewan. since 1931. The company operates under the supervision of the province to whom reports as to certificate liabilities and as to securities on deposit are made periodically. This statement should also be made to the public and to certificate holders on request. Investments of the company would largely be in first mortgages, the status of which we are not aware, but probably the company may have been investing as well in Dominion and provincial bonds during the current year.

Much will depend for the success of the investment on the ability of the investor to maintain periodic payments over the full period of the contract. If for any reason it is necessary to discontinue payment after two or three years, the return to the investor would not be satisfactory. We believe that some of the profit of companies of this type is derived from the large proportion of contracts that are allowed to lapse by investors.

Newfoundland

Could you forward us recently compiled financial information on the condition of Newfoundland? We note the bonds are selling at a very low figure, and would like to ascertain as fully as possible just what reasons account for this low price.

Newfoundland depends largely upon its fisheries, upon its iron mines, and pulpwood resources for its revenue. Revenue from all these sources has fallen off badly in the past two or three years and the Dominion's budget has not been balanced. A special commission was appointed in 1931 to investigate finances. This made numerous recommendations and we believe these recommendations are now being carried out. The credit of the Dominion was injured, however, and a loan could not be negotiated in 1931 although money has been raised this year largely through granting a monopoly to Imperial Oil Co. of Canada which purchased a large block of the Dominion's bonds. During the past summer, economic conditions in the Dominion led to public violence which was directed at the government. This led to formation of a new government. There is very little market for Newfoundland's bonds in Canada. Hence most of the Dominion's loans have been floated either in London or New York.

Dominion Bonds Advisable

I have $2,400 available for investment and would like your opinion as to whether I should invest this money in Gatineau Power and Canada Cement bonds or Province of Manitoba bonds. Should I sell some of my stocks and invest in these bonds?

I hold five shares of Beatty Bros. preferred bought at 102½; 10 shares Canada Paving preferred bought at $30; 40 shares of Beatty Bros. common bought at 15½; 25 shares of Loblaw "A" bought at 14; six shares U. S. Gypsum bought at 46½; and 16 shares of C. P. R. common bought at 38½. I own two houses against which there is a mortgage of $6,000 due in September, 1934. Rents at present barely pay mortgage interest and taxes. My work is fairly sure and gives me an income of $150 per month.

At the present time it would appear that you have no investment that you could liquidate readily without taking a substantial loss with the possible exception of Loblaw Groceterias "A" stock. On the other hand it appears quite possible that over a period of time and given an improvement in general business conditions the stocks that you hold may yet appreciate with the exception of Canada Paving preferred on which there will be a distribution of assets as the receivership makes progress in sale of properties and collection of receivables.

While your work is fairly sure it might be advisable to invest at least part of your $2,400 in a high grade government bond which could be sold fairly readily if the need arose. A Dominion of Canada bond or an Ontario bond would not give you as high a yield as could be secured on a Manitoba bond, but on the other hand they would be more readily saleable. If you wished you could also buy a Manitoba bond which would be quite secure as to principal and interest and still have over $400 left to place in a Gatineau Power or a Canada Cement bond. While the yield to be secured on the Gatineau 5 per cent first mortgage bond is not as high as that on the 6 per cent debentures it would have a greater security of principal and less possibility of fluctuations in market price. At the present time the Gatineau 5's are offered to yield around 7.40 per cent and the Canada Cement 5½'s to yield around 8.2 per cent. Either issue would probably meet your requirements.

Once you had a back-log of sound bonds you would be in a position to retire your mortgage out of earnings or appreciation on your stock. It is, of course, apparent that you would be getting a 6½ per cent yield on your money if you used it to retire your mortgage, but so long as you are collecting rents on the property and these rents cover interest and taxes it might be advisable if you left your money in more liquid form.

General Brock Hotel

The writer would appreciate a little information about the affairs of the General Brock hotel and Dominion Woollens & Worsteds.

If I can figure the thing out correctly the former is in a much better position that the latter and is more liable to resume interest payments within a short time, say, one year. I have some of each of these and am wondering if it would not be a good idea to switch from the Dominion to the General Brock.

The General Brock Hotel Co. has been placed in receivership following the inability of the company to pay bond interest and sinking fund charges due on October 1. Earnings of the hotel in the past two years have been adversely affected by the substantial reductions in tourist traffic and although it is reported that money was placed in the enterprise earlier in the year the major common shareholders apparently do not care to put up sufficient additional money to cover fixed charges. We are informed that bondholders will take measures to foreclose on the property and buy the property.

W. A. Mackenzie & Co., which sponsored the issue of the bonds, feels that the hotel can be placed upon a good earnings basis sufficient to meet fixed charges with any improvement in general business conditions. Such improvements with respect to the hotel might not occur for some time. The death of W. A. Mackenzie makes future activities of the bondholders uncertain until a declaration of policy is made. Important shareholders might prove willing to help out if their equity is not entirely eliminated.

Dominion Woollens & Worsteds Ltd. showed some increase in operating profit in the year ended June 31, 1932, and net earnings of $185,825 were slightly above bond interest charges before any provision for depreciation. No provision for depreciation has been made in the last two years. In both 1931 and 1932, however, the company suffered severely from depreciating prices of inventories and wrote off $491,673 in 1931 and $198,635 in 1932. There was a total deficit in the surplus account of $924,294 and the liquid position of the company is weak. At the annual meeting, it was stated that the company had been having difficulty in meeting bond interest and that financing would be necessary before December 1, when the next bond interest payment came due. We believe that reorganization of the company is probable but just to what extent this would affect the position of the bondholders we are not aware.

It is against the policy of The Financial Post to advise a switch from one security to another and in this particular case it is very difficult to say whether a switch is advisable or not. At the present time, there is practically no market for bonds of either company.

Detroit Bridge

The following securities are among those in our list of holdings, and we should like your comment as to the present position and the future outlook of each one: Detroit International Bridge, bond; stock of Canadian Terminal System, and a bond of Border Cities Hotel Co.

It would appear that some time must elapse before earnings of Detroit International Bridge will be sufficient to cover bond interest requirements. Everything depends upon improvement in general business conditions not only in Detroit and the Border Cities, but throughout Canada and the United States. A substantial proportion of the company's earnings will be derived from tourist traffic and this in turn depends upon a state of more or less general prosperity. We infer that you hold the 6½ per cent first mortgage bonds rather than the 7 per cent debentures. The possibility of the bridge being able to earn sufficient to pay interest on the debentures appears to be quite remote. Earnings of the bridge in 1932 are substantially under earnings in 1931. Net income of the bridge in 1931 was $55.939 before payment of bond and debenture interest. Bond interest alone amounted to some $780,000 while debenture interest amounted to $560,000.

Stock of Canadian Terminal System Ltd. has very little if any value at the present time. As you are probably aware, almost every one of the subsidiary companies has been reorganized in the past two years and there must be very great improvement in the earnings of the subsidiaries if stock holders of the parent company are to participate in earnings.

With regard to the Prince Edward Hotel Co., of Windsor, Ltd., formerly known as Border Cities Hotel Co., we would suggest that you write the corporate trust department of the National Trust Co., 20 King St. East, Toronto, and have your name added to the list of bondholders. In the course of two or three weeks the National Trust Co., acting as trustee for the bondholders, will forward a letter outlining a proposed reorganization of the company. We understand that bondholders will receive new sinking fund bonds bearing a lower interest rate than the present 7½ per cent issue. It is proposed that present bondholders would receive the same principal amount of the new bonds, that they now hold, plus additional bond, in compensation for interest not paid this year. The new bonds will mature September 1, 1947, and will carry 5 per cent interest for the first five years, providing this interest is earned by the hotel and thereafter the bonds will pay 6 per cent. Of the net income of the hotel, 25 per cent would be set aside annually as sinking fund for the bonds.

Shawinigan

Under what contracts does Shawinigan Water and Power sell its output? Please give me a list of the companies served in this respect and let me know how earnings have held up during this year.

Shawinigan Water and Power Company does not make public a list of its contracts. Its largest individual outlet, however, is Montreal Light, Heat and Power Cons. with whom it renewed a thirty-six year contract in 1931. Paper companies served include Cons. Paper Corp., Brompton Pulp and Paper, St. Lawrence Paper Mills, Canadian International Paper at Three Rivers, Donnacona Paper Co., and Anglo-Canadian Pulp and Paper Co.

We understand that some of the paper contracts have been revised of late. Donnacona, for example, has entered into a new contract. Formerly this company took 17,000 h.p.; under the new arrangement, the company buys power as needed. In return for this concession, Shawinigan received several small distributing systems controlled by Donnacona.

Another point to bear in mind is that Shawinigan recently developed the steam electric boiler which has proven an important outlet for a fair proportion of the company's power output.

Earnings in the first nine months of the year were sufficient to cover bond interest as well as dividends declared for the whole year.

Thrift Stores

Please give me some information on Thrift Stores Ltd. What are the prospects for profits this year and has the company done well in the past?

Thrift Stores has made progress since its inception in 1929. Organized to acquire a chain of 31 retail grocery stores in Montreal, the company now has some 69 units in operation. In the fiscal year ended March 31, 1932, preferred dividend requirements were covered and there remained a sum equal to $1.91 a share on the common stock. Our understanding is that net profits during the current year have shown a slight decline but that preferred dividends have been earned.

Dominion Textile

Has Dominion Textile Co. been able to keep its earnings up to last year's level? I understand that the dividend was not fully covered in the last fiscal year; do you think it will be maintained?

Earnings of Dominion Textile Co. are understood to have been affected by conditions encountered during the current fiscal year. No figures have been published but the restriction in industrial demand for cotton fabrics has resulted in lower output while low prices for raw cotton have tended to reduce sales values. In the last fiscal year, earnings were equal to $4.44 a share on the common stock compared with dividend requirements of $5 and it does not seem likely that an improvement in this situation will be recorded this year. The company has built up a strong financial position but whether the management will see fit to make further encroachments into surplus remains to be seen.

Aircraft Worth $1,210,000 Made in Canada in 1931

According to figures prepared by the Dominion Bureau of Statistics covered in 1931, seven aircraft plants operating in Canada had gross value of production amounting to $1,210,000. A year ago, similar figures showed six plants with a gross productive value of $1,269,000. Capital invested in the industry increased slightly during the year to $2,160,000. Number of persons employed in the industry in 1932 totalled 257 while salaries and wages paid amounted to $367,545.

Corresponding figures a year ago were 139 employees who received $317,949, the cost of materials used in 1931 was $462,000 as compared with $366,000 the previous year. Detailed items of production for 1931 show that there were produced in that year 68 aircraft of all kinds, complete with engines which were valued at $670,745. In addition eight aircraft complete without engine and valued at $31,557 were made. Some 26 aircraft engines valued at $43,000 were manufactured while approximately $465,000 was spent for parts and accessories, and all other items including custom work.

The Bureau reports that in addition to these figures a few airplanes were manufactured in firms classified under the ship building industry.

Plans Building New Factory

Old Victorian Products, Limited, manufacturers of waxes and polishes, plans an immediate expansion, and will erect a modern new factory at Glencoe, Ontario, where the company is now operating. The building will be a two-story structure, containing 7,200 square feet of floor space, and the factory is expected to be in full operation in a few weeks time.

Canadian firms requiring London (England) address and representation. For the small sum of Twenty-five dollars per annum you can have name of firm displayed, address, catalogues filed, small samples exhibited, and complete London Office service in one of the largest up-to-date offices in Kingsway (Strand). All communications treated confidentially. Write or cable Mr. Hepburn, 52 Swinton St., London, W.C. 1, England.

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COLDER WEATHER AID TO CITY TRADE

Cold Spell Helpful in Many Centres, Says Credit Report

The weekly trade report of Canadian Credit Men's Trust Association for the week ending November 19, 1932, is as follows:

Halifax — Wholesale and retail trade report very little change in conditions during past week, business being reported as only fair. Collections remain fair to slow.

Saint John — Wholesalers report trade continues without any noticeable change from past week, trade generally being rather quiet. Retail trade only fair. Collections generally slow but show slight improvement in some sections.

Montreal — Wholesale: Groceries continue fairly active. Colder weather prevailing has resulted in considerable improvement in sale of seasonable commodities. Dry goods, clothing, ready-to-wear and boots and shoes all report a slightly increased turnover. Building trades remain quiet. Retail: both city and country merchants report considerable improvement in trade. Wholesale collections very fair. Retail collections still slow.

Toronto.—Very little change reported in trade conditions during the past week, although minor changes for the better have been noted. Manufacturing in certain lines shows some improvement owing to seasonal requirements. Confectionery, furs and boots and shoes report trade fairly good. Radio business also reports fair demand. Steel industry and all construction work practically at a standstill. Collections both wholesale and retail fair.

Winnipeg. — Manufacturing continues steady. Wholesale dry goods, boots and shoes and clothing lines reported fairly active; groceries good. Retail trade fairly brisk, colder weather resulting in considerable increase in seasonable merchandise. Collections show slight improvement.

Regina.—Wholesale groceries report fair volume of trade. Dry goods fair to good, with hardware showing fair trade in staple lines. City retail trade reported quiet with fair country trade. Wholesale collections on current accounts good, no reductions being made on old accounts. Retail city collections fair; country practically "nil."

Moose Jaw.—General business conditions remain the same. Wholesale groceries and hardware reported fairly good. Retail groceries, dry goods and boots and shoes fair. Collections fair.

Saskatoon. — Wholesale groceries and hardware trade remain fair. Boots and shoes show little change, sales in winter overshoes and goloshes, however, showing considerable improvement due to colder weather. Dry goods and oils and greases remain about the same. Retail trade generally remains quiet and lower sale prices are required to create movement in stock. Wholesale collections show no improvement. Retail collections fair.

Calgary. — Wholesale and retail groceries reported keeping up fairly steady volume. Colder weather prevailing during past week created a brisk demand for winter clothing and boots and shoes. Other lines quiet. Collections: current accounts being promptly taken care of, with a slight improvement also in reduction of old accounts during the past week.

Edmonton. — Conditions generally reported to be quiet. Business, wholesale and retail, moving very slowly. Collections, wholesale and retail, slow.

Vancouver.—No change reported in conditions existing over that of last week. Seasonable goods are moving fairly satisfactorily. Collections on current purchases are very fair, although the older accounts are very difficult to collect.

Canadian Plant Supplies Exports

All tomato ketchup produced by the H. J. Heinz Company for export to the United Kingdom and European countries hereafter will be made at that concern's Leamington, Ontario, plant, it is announced. Although ketchup for export has been produced in large quantities at Leamington there will be an important increase in production under present orders which transfer business from Heinz plants in the United States.

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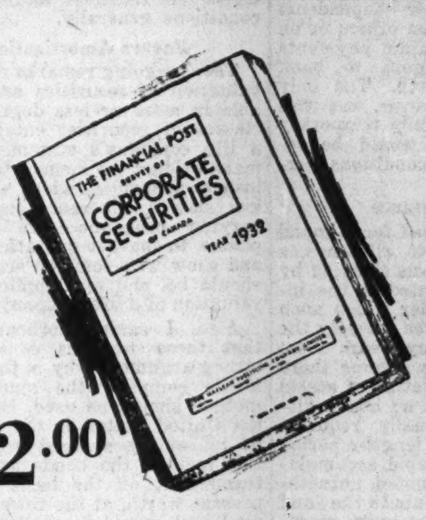

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6. Details of capital reorganizations.
7. Balance sheets and earnings statements for 1931, 1930 and 1929.
8. Price range of stocks for 1931, 1930 and 1929.

Facts covered include: Earnings statements and balance sheets for 1931 compared with those of 1930 and 1929; details of each bond issue; whether interest is payable in Canadian, New York or sterling funds; times bond interest earned, etc.
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Insurance for Buyer and Seller

LIFE INSURANCE COMES IN REVIEW AS OFFICERS MEET

Canadian Life Insurance Officers Association at Annual Parley

MOORE SPEAKS OUT

President Criticizes Valuation Basis and Taxation Growth—Hopes for Jurisdiction Settlement

Problems of security valuation, jurisdiction, taxation and social insurance featured the 39th annual meeting of the Canadian Life Insurance Officers' Association at Toronto this week. In addition to a comprehensive survey of life insurance developments during 1932, by G. Cecil Moore, assistant general manager of Imperial Life Assurance Company and president of the association, addresses were also heard by Hugh H. Wolfenden, Toronto actuary and official actuarial advisor of the association on social insurance problems and C. G. M. Wynne, of Sun Life, who addresssed the meeting on municipal taxation of insurance companies. Another speaker was W. L. McGregor, of the national committee on economy in public finance, sponsored by the Canadian Chamber of Commerce.

At the annual election of officers, J. H. Lithgow, general manager, Manufacturers Life Insurance Co. was elected president and V. R. Smith, general manager and actuary of Confederation Life Association was promoted from the executive committee to second vice-president. Ford S. Kumpf, general manager of Dominion Life was elected first vice-president.

Valuation Basis Criticized

Strong criticism of the customary method of using current market quotations as the basis of valuing life company assets at the end of the year, was voiced by Mr. Moore in his presidential address. "Neither in times of unduly inflated values, nor in times of unduly depressed values do current market quotations conform to sound valuation principles and reflect true intrinsic worth," said Mr. Moore. "In such times, market quotations are quite inappropriate either as a test of solvency or as a basis of operations for a company constituted as a life insurance company is." By careful analysis of the manner in which the assets and liabilities of a life insurance company were constituted, Mr. Moore showed "the menace to the life insurance business which would follow slavic adherence throughout varying economic and financial phases to market quotation values."

Common sense rules should be applied to the valuation of a life company's assets, said Mr. Moore, who came out strongly in favor of the amortization method to be used in Canada as it is in the United States in the valuation of all amply secured bonds. He said:

"By this method the bonds are valued throughout on the basis of their present worth, at the rate of interest which would be realized on the purchase price if the bonds are held until maturity. The adjustment made each year brings the bond exactly to its par value at maturity, whether bought at a premium or at a discount and regardless of the contract rate of interest. The value taken credit for is, therefore, unaffected by the rise or fall in general interest rates, or inflation or deflation of market quotation values. The adjustment made each year has the effect of making the bond fulfill exactly the purpose for which it was purchased, namely, of producing a steady income at the rate of interest yielded on the basis of the purchase price until maturity and then providing payment of the face amount of the bond."

Jurisdiction Battle

Mr. Moore also reviewed the history of the recent events in the federal-provincial jurisdiction battle which have occurred since October 22, 1931, when the last judgment of the Judicial Committee of the Privy Council with regard to insurance was delivered. He referred to the part played by life insurance companies in this controversy and quoted the memorial sent by the association to the federal prime minister and the various provincial premiers on February 10 of this year. He made public for the first time the official attitude of the life companies in the matter and set forth the principles underlying the association's stand in this regard as follows:

1. That the life companies desired on the one hand to secure as their primary objective a permanent settlement in the constitutional controversy, that is, that any legislation which was passed should be in such form that there would be no further appeal to the Privy Council to decide its solidity.

2. Further, they desired to preserve as much of the power and influence of the Dominion Insurance Department as was legally possible and consistent with this the primary objective.

Quotes Price Plan

Mr. Moore referred to the basis of settlement suggested by Hon. W. H. Price, attorney-general of Ontario, in March of this year in which the position of the province was stated as favoring the establishment of a "central bureau supported by the authority of provincial statutes, to which all companies carrying on business in the several provinces should be required to submit returns and demonstrate their solvency, and from which reports could be submitted to the provincial insurance department for their guidance in the issue and renewal of licenses to transact business.

"So far as could be learned," according to Mr. Moore, "the plan now receiving consideration by representatives of federal, Ontario and Quebec authorities, is along the lines set out by the attorney-general. The association will continue to negotiate," said Mr. Moore, "along the lines already set forward, in the hope that the whole embarrassing and disquieting matter will settle within the very near future."

Target For Tax Gatherers

As to taxation, Mr. Moore pointed out that life companies again during the year became the target for the tax gatherers. Arguments were advanced by the life companies that these institutions were not creators of wealth but were simply central bureaus for the collecting, investing and distribution of the funds of thrifty citizens who combined for mutual protection against the hazard of themselves or their dependents becoming a burden on others or on the state; that premium payments were closely analogous to bank deposits and so forth. The only relief promised, however, was that the increases were only temporary or emergency and would be removed as soon as conditions permitted.

Social Insurance

The imperative need for a sound actuarial approach to all schemes of social insurance was stressed by Mr. Moore. He pointed to the inherent handicap under which such schemes were initiated, namely the fact that from many years from the inception of the scheme there was a rapid accumulation of assets due to the fact that no heavy disbursements are usually required until a more or less lengthy period has elapsed. This rapid accumulation takes place, he noted, notwithstanding that payments to the fund may eventually prove quite inadequate to meet the benefits provided for and

"This mounting up of assets which are visible and tangible gives to the fund for many years, even when the payments into the fund are inadequate, a superficial and misleading appearance of prosperity, lulling in many cases those charged with its administration into a false sense of security, from which they awaken only when the fund is hopelessly insolvent. We have only to look at past history to realize how often these schemes have been started on a wrong basis and carried aong for many years, with no appreciation of how much more rapidly the liabilities were accumulating than the assets."

"We feel we are speaking directly in the interests of the Canadian public when we say that in the future no social insurance or pension scheme in Canada, whether dominion, provincial or municipal, should be inaugurated or carried on without experienced and competent actuarial advice and that in all present schemes where such actuarial guidance is lacking, it should be immediately sought. This is because in setting up and maintaining any of the social insurance or pension plans just referred to, the experienced actuary will apply correct and time-tested principles in analyzing all available statistics bearing on the scheme. He will make sure that the scheme is sound mathematically, that proper provision has been made for all accruing as well as accrued liabilities, that the payments into the fund are adequate for the obligations being incurred, and last, but not least, will use his best judgment in making certain that the scheme is harmonious in construction and workable and sound from the standpoint of the human relationships involved."

Life Insurance Solvency Beyond Market Vagaries

President of Canadian Life Officers Association Explains Why Insurance Balance Sheets Should Not Be Tied to Current Market Values—Favors Amortization

By G. CECIL MOORE
Assistant General Manager, Imperial Life Assurance Co.
(From Presidential Address to Canadian Life Insurance Officers Association)

The Dominion Act respecting life insurance companies requires that each company shall prepare annually a statement of its condition and affairs and that in such statement the bonds, debentures, stocks and other securities shall be taken into account at the market value applicable to such securities at the date of statement. The main purpose of such annual statement is that the solvency of the company may be determined.

Principle Defined

Under existing conditions the question naturally arises, what is market value?

I do not know why the term has been generally accepted by the public as meaning bond and stock quotations on the exchanges. Certainly, the court decisions of this continent defining the term—and there are many such decisions—do not give it this meaning. It is true that one reading these court decisions would find it hard to arrive at a complete definition capable of general application. Nevertheless, a principle common to practically all these decisions appears to be that the market value of any asset is the value under normal conditions, with no undue influences operating either to compel selling or to induce buying, and with, therefore, the rate of interest, the safety of the capital invested and all the other important factors affecting intrinsic worth given proper weight and consideration.

Neither in times of unduly inflated values, nor in times of undulty depressed values, do current market quotations conform to the principle just stated and reflect true intrinsic worth and in such times market quotations are quite inappropriate either as a test of solvency or as a basis of operations for a company constituted as a life insurance company is.

Effect on Policyholders

If in a time of wide speculation, over-development and inflation a life company employs market quotation values and distributes surplus on the basis of such values, it thereby reduces its future surplus earning power, weakens its financial structure and leaves itself in an impoverished condition to meet any succeeding period of depression.

If, on the other hand, in times of depressed business conditions and unduly deflated market quotation values a life company is forced to employ such values, not only is an injustice in regard to dividend allotments done the present policyholders of such company to the undue advantage of future policyholders, but a company well able to carry out all its obligations in their entirety as they mature in the future and moreover make large surplus earnings yearly might readily be forced into a technical insolvency.

To illustrate this, assume a company has one hundred million dollars of liabilities and that its policy reserves, which would naturally form the bulk of these liabilities, are calculated upon a three and a half per cent interest basis. It also has assets of exactly one hundred million dollars, which we will say for the sake of simplicity are all invested in four and a half per cent Dominion Government bonds, which are carried in its books at par. The company is, therefore, not only able to carry out all its obligations, but will have large surplus earnings from interest alone, these surplus earnings in the early years being around a million dollars a year.

Now, assume a change in general financial conditions takes place, forcing interest yields to higher levels and depreciating the market quotations of corresponding four and a half per cent Dominion Government bonds to ninety. If the life company referred to were compelled to employ market quotation values in its statement, we should have the anomaly of such company being rendered insolvent to the extent of ten million dollars, although since it can carry its bonds to maturity and will then receive full value for them, with full interest in the meantime, it is in just as good a position as before not only to fulfill all its obligations, but to make the same high yearly surplus earnings from interest.

Why Life Companies Differ

Several factors unique with a life insurance company tend to bring about this anomaly and to make either distress market quotation or inflated market quotation values inapplicable to a life company's statement.

One important factor is the rigid and conservative basis on which a life company's liabilities have to be calculated, which under Canadian law does not permit the assumption for future interest earnings of a higher rate than three and a half per cent in computing the insurance and annuity reserves which, as before intimated, form the bulk of a life company's liabilities. This stringent interest standard of valuation of liabilities cannot be modified to suit changed conditions. It continues to apply, no matter to what extent altered economic and financial conditions may raise or lower the general rate of interest or otherwise affect the market quotation value of the company's assets.

Another important factor is that life companies are long term investors and that even in times like the present, when the abnormal demand for loans and surrender values has made the life companies to some considerable extent the bankers of the nation, they have still been able to meet all disbursements out of current income, thereby making it unnecessary to liquidate assets in the existing depressed markets.

It may be said in passing, that the ability of the life companies not only to retain their present enormous investment holdings but to make further investments in such periods as this through which our country is now passing, must of necessity have a constructive, steadying and altogether beneficial effect on financial and economic conditions generally.

Favors Amortization

The foregoing remarks regarding valuation of securities are applicable in more or less degree to all classes of securities entering into a life company's statement. They make evident the menace to the life insurance business which would follow slavish adherence throughout varying economic and financial phases to market quotation values and show why common sense rules should be, and are, applied to the valuation of a life company's assets.

Also, I cannot forbear saying that these remarks constitute a strong argument why in the case of a life company the amortization method should be used, as it is in the United States, in the valuation of all amply secured bonds. By this method the bonds are valued throughout on the basis of their present worth, at the rate of interest which would be realized on the purchase price if the bonds are held until maturity. The adjustment made each year brings the bond exactly to its par value at maturity, whether bought at a premium or at a discount and regardless of the contract rate of interest. The value taken credit for is, therefore, unaffected by the rise or fall in general interest rates, or inflation or deflation of market quotation values. The adjustment made each year has the effect of making the bond fulfill exactly the purpose for which it was purchased, namely, of producing a steady income at the rate of interest yielded on the basis of the purchase price until maturity and then providing payment of the face amount of the bond.

Ordinary Life Insurance*

	1927	1928	1929	1930	1931	1932
January ..	$36,986,000	$47,569,000	$49,739,000	$45,074,000	$41,188,000	$37,331,000
February ..	35,525,000	39,962,000	47,140,000	43,925,000	40,180,000	38,145,000
March	42,883,000	44,823,000	48,066,000	49,047,000	46,945,000	37,467,000
April	41,631,000	46,718,000	51,842,000	51,649,000	45,648,000	33,629,000
May	44,553,000	49,581,000	50,547,000	48,871,000	41,314,000	30,998,000
June	45,298,000	51,884,000	53,402,000	54,168,000	46,227,000	40,963,000
July	39,962,000	49,492,000	54,809,000	46,505,000	39,977,000	34,469,000
August ...	38,360,000	43,503,000	41,329,000	36,249,000	35,738,000	28,370,000
Sept.	35,000,000	38,872,000	43,013,000	38,994,000	30,066,000	25,207,000
October ...	48,104,000	55,743,000	50,894,000	44,527,000	36,006,000	29,858,000
Nov.	44,935,000	54,865,000	55,624,000	46,186,000	38,860,000	....
Dec.	48,899,000	56,647,000	54,189,000	49,026,000	47,163,000	....

Total, first 10 months, 1932	$336,437,000
Total, first 10 months, 1931	$403,289,000
Decrease, first 10 months, 16.58%	$ 66,852,000
Decrease, October, 1932, from October, 1931 17.07%	$ 6,148,000

*Companies having in force 84 per cent of total outstanding business in Canada as at Jan. 1, 1931. New paid for, ordinary business only. Figures include both Canada and Newfoundland and are prepared by Life Insurance Sales Research Bureau, Hartford, Connecticut.

Seasonal Rise Shown in Sales of Insurance

A seasonal increase of $4,651,000 was shown in sales of ordinary life insurance in Canada during October, compared with the previous month. Total sales for October were $29,858,000 which is an increase of 18.45 per cent over September compared with an increase of 19.76 per cent in October over September in 1931. Thus the current seasonal increase is lower than last year. These figures are prepared by the Life Insurance Sales Research Bureau of Hartford and cover operations of 15 companies doing 84 per cent of the business written in Canada.

October sales were 17.07 per cent below a year ago and sales for the first ten months of 1932 were 16.58 per cent below the same period of 1931. Total ordinary business sold in the first ten months of 1932 now stands at $336,437,000.

Sales by provinces and for Newfoundland during October were: Alberta, $1,484,000; British Columbia, $1,802,000; Manitoba, $1,849,000; New Brunswick, $743,000; Nova Scotia, $948,000; Ontario, $12,498,000; P. E. I., $58,000; Quebec, $8,928,000; Saskatchewan, $1,347,000 and Newfoundland, $201,000.

Insurance Problems

Insurance questions of general interest submitted by subscribers of The Financial Post will be answered in this column. Other enquiries will be answered by mail. A three-cent stamp should be enclosed to cover a direct reply.

Royal Guardians

Can you give me some information about the standing of the Royal Guardians Insurance Co.?

Royal Guardian Insurance Co. is a mutual life company which has been doing business in Canada under a federal charter since 1910. It was originally incorporated as a fraternal benefit society. Its head office is Montreal.

At the end of 1931, it had $3,516,000 of business on its books and assets of $1,114,000. Its reserves are maintained in accordance with federal laws and it has a substantial excess of assets over liabilities.

Insurance Inklings

GEORGE W. LITTLE has been appointed a general agent and representative at large in London for the London Life Insurance Co.

C. ROSS SOMERVILLE has been appointed a general agent and representative at large in London for the London Life Insurance Co. Mr. Somerville is the recent winner of the U. S. amateur golf championship.

BRUCE H. CURRY, C.L.U., has been appointed a district supervisor in Toronto for the London Life Insurance Co.

A. L. SPRACKLIN has been appointed a district supervisor in Toronto for the London Life Insurance Co.

A. S. GREGOIRE, formerly casualty manager at Montreal for the Western-British America Group, was recently appointed manager of the Montreal branch.

H. W. MANNING, assistant general manager of The Great West Life has been elected vice-chairman of the Life Insurance Sales Research Bureau at its annual meeting in Chicago recently.

C. D. DEVLIN, general superintendent of agencies of the Confederation Life Association, Toronto, has been elected chairman of the Association of Life Agency Officers at the recent annual meeting of the association in Chicago.

Pearl Assurance Co. Adds to Canadian Lines

In addition to fire, explosive, sprinkler and tornado insurance, the Pearl Assurance Co. of England is now licensed in Canada to write automobile, guarantee, inland transportation, burglary and accident insurance including employers' liability, it is learned.

Having assets of some $346,000,000, the Pearl is one of the larger insurance companies of the world. Its main line in Great Britain is life business, but it also has successful fire and casualty departments.

Weekly Bank Clearings

Eastern Cities

	Nov. 19, 1931	Nov. 17, 1932
Halifax	$ 2,813,397	$ 1,668,933
Saint John	2,192,589	1,230,943
Moncton	777,258	537,755
Sherbrooke	732,290	530,139
Quebec	6,332,942	3,485,172
Ottawa	7,205,060	3,339,008
Montreal	97,779,566	70,382,123
Kingston	713,502	498,660
Peterboro	841,270	603,586
Toronto	92,311,528	69,204,929
Hamilton	5,330,118	3,148,042
Kitchener	969,048	719,391
Brantford	893,490	763,205
London	2,734,711	2,085,602
Chatham	713,194	447,905
Windsor	2,588,546	1,728,756
Sarnia	492,046	320,433
Sudbury	688,915	435,426

Western Cities

	Nov. 19, 1931	Nov. 17, 1932
Fort William	$ 837,991	$ 507,574
Winnipeg	77,498,439	34,783,126
Brandon	465,339	308,420
Moose Jaw	852,178	459,194
Prince Albert	480,881	237,497
Regina	4,390,754	3,284,789
Edmonton	5,171,763	3,071,159
Calgary	8,441,279	5,389,019
Medicine Hat	285,622	233,633
Saskatoon	2,389,462	1,412,922
New Westminster.	539,827	349,574
Lethbridge	424,610	364,073
Vancouver	15,497,858	9,975,016
Victoria	1,681,560	1,083,837

Current Events in Banking World

IMPERIAL BANK IMPROVES RATIO LIQUID ASSETS

Annual Statement Shows Rise From 53.6 to 56.1 p.c. Liquidity

PROFITS LOWER

Declines in Deposits Were More Than Offset By Drop in Call and Current Loans

A substantial improvement in ratio of quick assets to total liabilities is shown in the annual statement of the Imperial Bank of Canada for the year ending Oct. 31, the ratio rising from 53.6 to 56.1 per cent during the year. Total quick assets were $62,876,629 against total public liabilities, $99,712,532, comprised of note circulation and deposits, compared with $66,108,456 and $108,840,241 respectively in the previous year.

Profits for the year were $1,205,335 compared with $1,328,863 in the previous period, a decline of 9.3 per cent. Dividends paid amounted to $805,000 compared with $840,000 in the previous year, and are now being disbursed at the rate of $700,000 per year or ten per cent.

Earnings per share of stock outstanding, as calculated by The Financial Post, amounted to $17.22, before deduction of taxes and write-offs on bank premises and securities, which compares with $18.98 in the previous year and with dividends disbursed of $11.50 per share. Earnings after deduction of taxes and write-offs were only $9.08 for the year as against $12.98 in 1931.

Premises Written Down

The write-off on bank premises was $250,000, and total of bank premises shown in the balance sheet was $6,000,000 against $6,300,000 in 1931, indicating that new construction has been written off as a current item. Provision of $150,000 was made for depreciation in market valuation of securities as against $250,000 in the previous year.

Total deposits at the end of the fiscal year were $99,712,532 compared with $108,840,071 in 1931, a decline of $9,127,539 which was shown in both interest bearing and non-interest bearing deposits. Interest bearing deposits were $83,327,716 in 1932 compared with $90,405,071 in 1931 and non-interest bearing deposits were $16,384,816 compared with $18,435,210. Total assets declined by 8.2 per cent during the year.

Declines in deposits were more than offset by the decline in current and call loans in Canada which reflected current business conditions, dropping by $9,798,730 during the year. Current loans in Canada were $57,467,654 compared with $65,108,365 in 1931 and call loans in Canada were $5,385,727 compared with $7,543,746 in the previous period. For the second consecutive year call loans outside Canada did not appear in the balance sheet.

Slow Assets Improved

Gradual improvement in slow moving assets during the year is indicated by decreases in non-current loans from $238,178 to $220,953, in mortgages held on real estate from $500,777 to $471,464, and in real estate from $169,563 to $158,134.

Gold reserves declined by $299,133 during the year and holdings of Dominion notes were $1,119,718 lower at Oct. 31, being $7,918,051 compared with $9,037,769 in 1931. This total reduction in reserves of $1,418,851 was partly offset by a decrease of $922,282 in amount of the bank's notes in circulation.

The largest proportionate change in individual items in the balance sheet is in balances owing from banks in the United Kingdom which increased from $307,483 to $2,007,531 during the year. This may indicate a piling up of sterling balances, deferring conversion into Canadian dollars at prevailing rates of exchange.

Loans of the bank to municipalities and provinces were $1,712,546 higher, at $12,266,155 this year, compared with $10,553,609 in 1931. This was offset by a decline in holdings of Government securities of $1,725,303 during the year.

The income and surplus account, and general statement of the bank, as drawn up by The Financial Post, is shown below:

INCOME AND SURPLUS ACCOUNT
Years Ended October 31

	1932 $	1931 $
Net profit*	1,205,335	1,328,864
Less appropriations:		
Dividends	805,000	840,000
Federal & other taxes	170,000	170,000
Officers' guarantee fund	7,500	7,500
Offcrs.' pension fund	40,000	40,000
Writ. off bk. prem.	250,000	......
Prov. for deprec. in secs.	150,000	250,000
Surplus for year	†217,165	21,364
Add: Prev. surplus ...	761,908	740,545
Balance forward	544,743	761,909

*After management charges, auditors' fees and interest due depositors, and after provision for bad and doubtful debts and for rebate of bills under discount.
†Deficit.

GENERAL STATEMENT
As at October 31

Immediately Available Liquid Resources	1932 $	1931 $
Assets		
Specie	446,561	415,324
Dominion notes	7,918,051	9,037,769
Foreign currencies ...	15,631	22,470
Gold reserve	1,100,867	1,400,000
Due by U. K. banks ..	2,007,531	307,483
Due by for. banks	1,269,442	2,240,520
Gov. securities*	19,675,339	21,400,642
	32,432,422	34,824,208
Loans and Securities Other Than Those of Canadian Government		
Public & munic. secs.*	5,704,437	5,534,941
Railway securities* ..	169,592	179,877
Canadian call loans ...	5,385,727	7,543,746
Can. current loans ...	57,467,654	65,108,365
Loans to munic., etc. .	9,190,393	8,429,973
Loans to prov. govts. .	3,075,762	2,123,636
	80,993,565	88,920,538
Due from Other Banks		
Notes of other banks ..	535,460	620,820
Cheques on other banks	5,289,407	5,826,161
Due from bks. in Can.	662,924	606,788
	6,487,791	7,053,769
Other Assets		
Non-current loans ...	220,953	238,178
Real estate	158,134	169,563
Mortgages	471,464	500,777
Letters of credit	484,706	636,083
Bank premises	6,000,000	6,300,000
Deposit re circ. fund ..	430,505	417,935
Other assets	113,125	115,571
	7,878,887	8,378,107
Total assets	127,792,665	139,176,622
Liabilities		
To the Public		
Notes in circulation .	8,021,343	8,943,625
Demand dep.	16,384,816	18,435,210
Savings dep.	83,327,716	90,405,071
	99,712,532	108,840,281
To banks abroad, etc.:		
United Kingdom ..	199,370	173,197
Foreign	1,447,530	1,906,591
Letters of credit ..	484,706	636,083
	2,131,606	2,715,871
To Canadian banks .	2,205,654	2,704,254
	112,071,135	123,204,031
To Shareholders		
Dividends, etc.	176,787	210,682
Reserve	8,000,000	8,000,000
Capital	7,000,000	7,000,000
Surplus	544,743	761,909
	15,721,530	15,972,591
Total liabilities ...	127,792,665	139,176,622

*Not exceeding market value.

Imperial Statement in Summary Form

An analysis by The Financial Post shows the following changes in important items in the statement of the Imperial Bank of Canada for the bank's fiscal year ended October 31:

Profits down	9.3%
Liquid ratio up......	4.7%
Share earnings down.	$1.76
Share earnings after write-offs down ...	$3.90
Total deposits down..	8.4%
Demand deposits down	11.1%
Savings deposits down	7.8%
Circulation down.....	10.3%
Current loans down..	11.7%
Total assets down....	8.2%

Bank Chat

The Canadian Bank of Commerce announces that the Priceville, Ont., sub-agency of the Durham, Ont., branch will be open for business on Tuesday of each week instead of on Tuesday and Friday as at present.

The Bank of Nova Scotia announces the following changes in staff appointments:

R. L. DALES, formerly assistant manager at Winnipeg, Man., to be manager at West End, Calgary, Alta.

W. H. BYERS, Calgary, formerly assistant manager at Calgary, to be assistant manager at Winnipeg.

W. LONG, formerly accountant at North Bay, Ont., to be assistant manager at that branch.

L. J. HAYES, formerly accountant at Sudbury, Ont., to be accountant at North Bay.

R. E. MACDONALD, formerly assistant accountant at North Bay, to be accountant at Sudbury.

The Dominion Bank announces the following changes in staff appointments:

M. S. BURGER to be manager at Victoria & Queen Sts. branch, Toronto, succeeding A. M. Bethune, who is retiring on pension.

N. F. MUNRO to be assistant manager at Toronto branch.

M. McLEOD to be manager at The Pas, Man.

E. G. WURTELE, formerly assistant accountant at Montreal branch to be acting manager at Monkland Ave. branch, Montreal, Que.

THE ONTARIO EQUITABLE LIFE AND ACCIDENT INSURANCE COMPANY
Head Office — Waterloo, Ont.
Assets (Dec. 31, 1931) $ 8,125,139
Policy Reserves 6,846,054
Insurance in Force ... 51,355,672

IMPERIAL GUARANTEE AND ACCIDENT INSURANCE COMPANY
FIRE · MARINE · AUTOMOBILE · ACCIDENT · SICKNESS · BURGLARY · GUARANTEE
ESTABLISHED A.D. 1905

Operating in Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia
FIRE AUTOMOBILE WINDSTORM
Insurance in force over $250,000,000.00
Total Assets over 3,000,000.00
Agents required in Ontario
Write Eastern Branch, 2 Toronto St., Toronto, Ont.
THE WAWANESA MUTUAL INSURANCE CO.
Head Office—Wawanesa, Man.

NORTHWESTERN MUTUAL FIRE ASSOCIATION
SEATTLE WASHINGTON
HEAD OFFICE FOR CANADA HAMILTON ONTARIO
BRANCH OFFICES: Toronto, Ottawa, Vancouver, Victoria, Edmonton, Calgary, Saskatoon, Winnipeg, Montreal, Quebec City, St. John, Halifax
WRITING FIRE AND AUTOMOBILE INSURANCE AT COST. ASSETS $4,616,449.70
ALL POLICIES NON-ASSESSABLE. PAYING DIVIDENDS RANGING FROM 20% TO 30%

PROTECTION for POLICYHOLDERS
Surplus Cash Assets $639,023
Est. 1884
Total Assets $1,625,156
Dominion License
Non-Assessable Policies
Sound underwriting and conservative investment policy of this Company make for permanent strength and confidence.
THE PORTAGE LA PRAIRIE Insurance MUTUAL Company
Portage la Prairie Toronto Montreal Edmonton Vancouver 182

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For information write
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THE Western Empire Life Assurance Company
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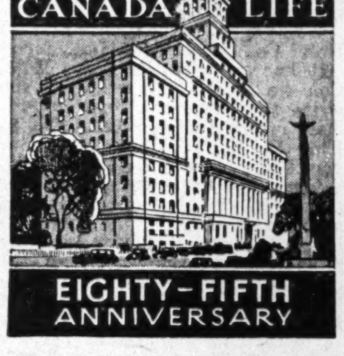
701 Somerset Building
Winnipeg, Man.
Branch Offices:
SASKATOON EDMONTON
CALGARY VANCOUVER



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Lay your plans now for a definite income to protect your later years—$100, $200, or $300 a month upon retirement, guaranteed for life, and purchased at a minimum of cost.
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GREAT-WEST RETIREMENT ANNUITY
This new plan offers you more income for less money than any other plan of saving • guarantees that income as long as you live • eliminates all investment and re-investment worries • has cash and loan values after payment of first premium and many other new features.
Young or old, insurable or uninsurable, it will pay you to investigate this new savings and investment plan.
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HEAD OFFICE -- WINNIPEG

Challenge of Pound to Canadian Dollar is of Immense Import

Ground Between U.S. and British Currencies, Foreign Trade Languishes

OPINIONS DIFFER

Importers and Debtors Do Better With Valuable Dollar, Exporters With Declining Unit

All the milling companies, pulp and paper companies, large metal producers such as Consolidated Smelters and International Nickel, lake and ocean steamship companies, canning and packing companies, farm implement companies, automobile and tire companies, grain companies and the distillery companies will get a greater volume of export business if the Canadian dollar drops toward the British pound. On the other hand, such purchases as these companies have to make in the United States for coal, iron, crude oil will cost them less if the Canadian dollar advances toward parity with the United States dollar. In the latter case the debt situation of Dominion Government to a moderate extent and of the provincial and municipal Governments to a much greater extent would be made easier because they would be relieved from the payment of present heavy premiums and the fear of much greater premiums in case the dollar drops down to pound levels. In the latter case a number of corporations which have to pay interest in the United States would have to get United States investors to take Canadian currency or go into bankruptcy.

Inflation Versus Deflation

Among all the companies in which the Canadian investor has an interest, discussion as to the effects which inflation or deflation respectively would have on their fortunes is incessant. Questions of exchange, gold standard, national credit and banking policies are being discussed by the layman as never before. The exporter accepts the idea of inflation with equanimity as he expects that higher prices will result and benefit him until the cost of living catches up to new inflation levels but importers and men and women on salary or wages so far as The Financial Post has been able to test them out, fear that advancing prices will mean a distinct curtailment in their real incomes. Some of them would be willing to accept this if active business were a permanent result.

Inflate Dollar Decrease Duties

There is no doubt but that the fluctuations of the British pound are of great importance to Canada. The recent decline has switched a great deal of British buying of grain from Canada and the United States to Australia and Argentine where depreciated currencies give buyers a chance to buy more cheaply. That makes prices in Canadian currency very low. Strange to say many Canadian industrialists interested in the home market mostly, such as textile companies, are inclined to look with complacency upon a tieing up of the Canadian dollar with the British pound because at present the British textile manufacturer would be given a great advantage in trading because of the premium on the Canadian dollar in Great Britain if it were not for the excessive duties levied by the Bennett Government. Duties could go down if the Canadian dollar depreciated and still domestic companies would be as well protected.

More Business for Exporter

Canada Steamship Lines, Ltd., and steamship companies would get a more active movement of grain if British importers suddenly found the old advantage in buying Canadian grain restored. In the British market there would be a better outlet for Canadian lead, copper, zinc, nickel and United States purchases would give these companies more money because the same influence that took the Canadian dollar down would make the United States dollar have a great premium.

Many companies such as Consumers' Gas, International Milling, Imperial Oil, British American Oil have referred recently to the added expense of raw materials because of paying a premium on the United States dollar for raw materials. On the other hand, if the Canadian dollar dropped further, it would make it easier for Brazilian, Barcelona, Twin City Rapid Transit Co., Moore Corp., F. N. Burt, and other companies in which Canadians have a large interest but which make most of their earnings abroad, to find Canadian dollars to pay dividends and interest. On the other hand, it makes it more difficult for Shawinigan, Canadian General Electric, Canadian Imperial Oil and Electric, Canadian Westinghouse, Imperial Oil and Bell Telephone to find United States dolars to pay such dividends and interest as are due in the United States.

Cotton Would Cost More

Importers such as Simpson's Ltd., Loblaw's, Dominion Stores would find it easier with a more valuable Canadian dollar to buy their requirements abroad were it not for tariff regulations which have made it impossible for them to know what most imported articles subject to a dumping duty will cost them laid down in Canada. If these dumping duties were eliminated as a result of inflation that might in the end turn out to their advantage while Canadian companies would still be amply protected. Some companies would get it both ways. Textile companies would get more protection from an inflated dollar but they would pay more for their cotton and wool bought from foreign sources. Steel companies would pay more for imported iron and coal, and so would farm implement companies for such raw materials as they have to get in the United States. Distillery companies would sell to greater advantage in the United States through subterranean channels with a lower dollar.

Will Establish Evaporating Plant

Oregon interests are establishing an evaporating plant at Penticton to serve the Okanagan Valley. The choice of Penticton for this plant is owing to the large quantity of apples raised in the area that are especially suitable for evaporating purposes. This opens up a market for apples culled by packers.

Heads Life Officers

J. H. LITHGOW

Manager and actuary of the Manufacturers' Life Association, who was elected president of the Canadian Life Insurance Officers' Association at their annual meeting last week.

BULLISH FACTORS SLIGHTLY AFFECT WHEAT MARKET

Argentine Crop Damage, European Shortages Indicated

From Our Own Correspondent

WINNIPEG.—The wheat market has shown slight tremors of interest at reports which under ordinary circumstances would be considered decidedly bullish. One of these, not yet confirmed and still of doubtful authority concerned fairly extensive damage to the ripening Argentine crop, with threat of decidedly impaired quality. Others concerned the shortage of grain and difficulties of food supply in Russia, indicating that that country is not only unlikely to export much more wheat this year, but may be driven to extensive importations.

Reports of scarcity of wheat in the Danube Valley are strengthened by the Roumanian move to reduce the duty on imported wheat. British wheat stocks are also shown to be much lower than last year, when extensive imports from Russia had been piled up at this time, and consequently continued steady importations are to be expected. But such indications of possible future influences on the market have had no effect in contrast with the small importations by Western Europe, and the delay in substantial Oriental buying making its appearance.

Canadian Grain Via U.S.A. Allowed British Preference

Ottawa Decides Claim of Western Farmers to Full Benefit of Six Cent Advantage in U. K. Market Has Priority Over Maritime Ports

Export shipments of Canadian grain to the United Kingdom through United States territory and through United States seaboard ports is allowed its full Imperial preference of six cents a bushel, according to authoritative interpretation of the statement of British and Canadian authorities in the matter. Such shipments may be delayed up to six months in bond in the United States without alteration of this right to the preference in Britain, it is understood. Of course the Canadian origin of such grain must be proved by some form of certificate to get the preference.

Formerly it had been understood that, to get the preference, a through bill of lading to a British consignee from a Canadian port, such as Fort William, was necessary. The present interpretation of the regulations is that as long as the Canadian point of origin is established, and the destination is the United Kingdom, even though there are delays in transit, the Empire preference applies. If a through bill of lading were necessary the right to delay shipments in the United States would be next to useless because storage charges would be incurred in that country to no purpose, presuming that the consignee had been named because the grain was sold to him or sent to him for storage in Britain pending sale.

Through Bill System

Under the previously proposed system of requiring bills of lading to the United Kingdom, which may be used for shipments even now if desired, exporters of grain which had not been sold would be obliged to get it to Britain, pending sale in Britain. This was not agreeable to exporters and producers of grain as it would interfere seriously with present routes of shipment. It was desired by storage and shipping interests in Saint John and Halifax because the natural result would be a much more extensive use of these maritime ports for storage and for export shipments. The latest interpretation of allowing grain to be held in bond in the United States, in much the same way as heretofore, leaves the two leading eastern Canadian seaboard ports without any great benefit from this interpretation of the British wheat preference.

Buffalo will probably continue to be the leading point of transfer of Canadian grain destined for Great Britain during the winter months on the new basis. It is the natural point at which to store grain and through which to send it for ultimate shipment from United States Atlantic ports. In previous years Buffalo and United States Atlantic Ports have handled some 35 per cent of the total Canadian exports of grain, much of this trade arising when St. Lawrence ports are closed during the winter. Montreal, Vancouver, Saint John and Halifax handle some 60 per cent of the total exports of Canadian grain, and over 80 per cent of this goes through Montreal and Vancouver.

Reasons For U.S. Route

Reasons given for the seeming continuance of a discrepancy in favor of United States handlers of grain are that the preference is intended primarily for the benefit of the Western farmer who produces the grain, that he can best obtain the full advantage by shipment through United States channels, at least in the winter months, and that to alter the present system of shipment would involve the eastern lines of Canadian railways and elevators in the maritimes in more grain traffic than they would be able to handle efficiently with their present facilities.

Western members of Parliament have been strong in voicing the wishes of their constituents in this respect, because of the higher rates for ocean transportation to Great Britain from Saint John and Halifax compared with shipping rates from United States ports. This difference amounts to 1½ to 2 cents a bushel, and, it is claimed, would be a substantial handicap to Canadian producers in competing against other sellers of grain in the British market. Western producers claim that it would simply mean sacrifice of one quarter to one third of their preference.

Thus, despite the fact that export rates of Canadian railways for the much longer haul to Saint John and Halifax have been made to conform with export rates to the closer United States Atlantic ports, it is still not advantageous to use the maritime route for most grain exports.

Hands Off Present Routes

The present policy of the Government would indicate that there will be as little as possible interference with present grain routes including the United States channels. The reasons for this are that the United States route offers ample storage and handling facilities, low ocean rates, a variety of ports of exit, plenty of ocean shipping and shorter and, therefore, faster rail hauls than the Canadian winter route to Saint John and Halifax. Such United States centres as Buffalo and New York offer extensive storage and handling facilities, while eastern Canadian lake and seaboard elevators are already well filled with grain.

Regulations as to the manner in which Canadian grain shipments to the United Kingdom must be made to get preferences were originally made by the British Government last March. It was laid down as a principle at that time that such shipments must be consigned through Empire ports in the belief that such a provision for continuous movements would please the Empire exporting countries and their ports. The views of Western Canadian grain producers were not foreseen in Britain. Later the terms were apparently changed to require through bills of lading to British destinations in order to allow shipments of grain to pass through foreign ports, but as stated above, this involved the necessity to sell most of such grain before shipping, rather than holding it in bond in foreign countries pending sale.

The manner in which present Canadian exports of grain are distributed through the various Canadian and United States ports is indicated in the following table:

Export Shipments of Canadian Grain According to Ports of Exit During Crop Year 1930-31

Port	Bushels	% of Ttl. Exp.
Via U. S. Ports		
New York	*60,249,386	23.2
Other U. S. Atlantic Ports	*16,880,287	6.5
Other U. S. Ports	21,570,257	8.3
Total via U. S.	98,699,930	38.0
Via East. Canada Ports		
Montreal	55,246,217	21.3
Quebec	4,664,591	1.8
Sorel	3,584,149	1.4
Saint John	10,846,397	4.2
Halifax	172,370	.07
Other Eastern Canadian Ports	89,672	.03
Total via Eastern Canadian seaboard	74,603,396	28.8
Via. Canadian Pacific Ports		
Vancouver	73,603,612	28.3
Other Canadian Pacific seabrd. Pts.	2,263,264	.9
Total through Canadian Pacific Ports	75,866,876	29.2
Exports direct to U. S. Ports	10,470,295	4.0
Grand total Exports	259,640,497	100.0

*The major portion of these exports are shipped through Buffalo.

UNITED BOND ISSUES REPORT FOR LAST PERIOD

Net Profit Shown at $19,809 After Income Tax

United Bond and Share Ltd., has issued its first annual report for the year ended Sept. 30, 1932, showing net profits of $19,809 after deductions for income tax. The only comparison which can be made with this is with the earnings of the predecessor company, United Bond and Share Corporation. Net profit of the predecessor company was $35,204 for the year ended Dec. 31, 1930. comprised entirely of profits on sale of securities.

Of this net profit, all but $48 was paid out in dividends. Surplus account was reduced materially by deductions of $18,013 for losses on sales of securities and $1,437 for organization expenses in connection with the change in the company's name and capitalization.

Investment Valuation

Investments held by the company as at Sept. 30, 1932, consisted of 28.5 per cent Canadian Government bonds, 27 per cent other bonds, 19.1 per cent preferred stocks and 25.4 per cent common stocks. It is understood that at Sept. 30 investments shown in the balance sheet at $342,524 were actually worth $24,308 more than this in the market, after allowing for a 10 per cent premium on U. S. funds.

Current assets of cash and interest and dividends due amount to only $6,583 compared with current liabilities of $11,852, including a secured loan of $5,000 from the Bank of Nova Scotia.

The income and surplus account is as follows:

Income and Surplus Account Year Ended Sept. 30, 1932

	$
Interest and dividends	22,247
Exchange	3,227
Total income	25,474
Less: Management fee	1,741
Taxes and insur.	882
Transfer charges	426
Bank charges	281
General exp.	184
Income tax prov.	2,201
Net profit	19,809
Less dividends	19,761
Surplus for year	48
Add surp. at Oct. 1, 1931	200,000
	200,048
Less: Loss on sale of secs.	18,013
Organization expenses	1,437
Surplus at Sept. 30	180,598

IMPERIAL BANK OF CANADA 58TH ANNUAL MEETING

Addresses of President and General Manager

SOLIDITY THE KEYNOTE

CENTRAL BANK UNNECESSARY

The Annual meeting of shareholders was held at the Head Office, Toronto, on Wednesday, Nov. 23rd. The President, Mr. Frank A. Rolph, took the chair at noon, and in moving adoption of the report, said:

President's Address

THE BANK'S YEAR

Gentlemen: The year through which we have passed since our last Annual meeting has been an eventful one. Business conditions have been far from good, but under the circumstances we have good reason to be proud of the showing made by the Balance Sheet placed before you. Due to falling prices and the necessity for many of our citizens to encroach on their savings for ordinary living expenses, total assets, in common with other Banks and financial institutions, are down slightly. As a natural sequence profits are also slightly down, making advisable a reduction in the rate of dividend paid, (again in common with other Banks), to 10 per cent. per annum. This, we feel, is a wise precaution under existing conditions and one in which we trust you will fully concur.

BUSINESS AND PRODUCTION IN CANADA.

Reports from our branches indicate that field crops in Ontario have been abundant. In Alberta good crops are reported with extremely low prices. In Manitoba the yield was considerably better than last year; in Southern Saskatchewan the yield of wheat was only 3 to 12 bushels per acre, but this is against a total failure last year. On the whole, the Prairie Provinces can be said to be better off than they were a year ago. There will be less distress and most farmers will have enough seed and feed to carry them through the winter.

In this connection it should not be overlooked that many of our North Western farmers have no debts of any kind and that farming in that vast area is now being conducted on a more economic scale than for many years; in other words, the farmer, like other people, has been adjusting himself to meet the new conditions with which he is faced.

The apple crop in Canada, according to Government statistics, amounts to 3.157,000 barrels this year, as compared with 3,793,052 barrels in 1931. The falling off was in Ontario and Nova Scotia, but in British Columbia they had an increase of 1,000,000 boxes over 1931 In Ontario all varieties of fruits yielded heavily, especially grapes, but generally speaking prices were much lower.

The potato crop from all over Canada shows a 20 per cent. drop from that of 1931, but with greatly improved prices. Apparently considerable damage to potatoes has occurred through blight, particularly in Ontario.

The yield of tobacco, the growing of which has developed into an important industry, was good, but again the prices have been lower. In this connection, it is interesting to note that successful experiments in the growing of tobacco have taken place in the Province of British Columbia, where the outlook for this crop is considered promising. Coal mining and lumbering are on a declining scale, particularly in British Columbia. In that Province business is being aided by some new developments in the mining of metals and the salmon pack is larger, but, unfortunately, the increase is in the lower quality of fish. Vancouver, the principal city of British Columbia, is steadily gaining as a shipping centre, largely due to the export of grain and, on the whole, the prospects in British Columbia can be considered reasonably good.

NEWSPRINT SITUATION NEEDS CORRECTION

The situation in the newsprint industry is serious, and it is little short of a national folly that the products of our forests and of our well-equipped mills should be sold at less than cost, which, of course, includes a reasonable return on the capital supplied by bona fide investors. It behooves those in charge to take steps to remedy this situation before they are forced to do so by possible Government action.

Business conditions are still unsettled, but I subscribe with those who believe the tide is turning, and while the upturn will necessarily be slow and depends upon many factors which are both national and international in character which will require to be settled, I continue to have unbounded faith in the ability of our people to pull through. The load of taxation is still heavy and is stifling to business, and a heavy responsibility lies upon all in authority to bring about reductions at the earliest moment it is economically possible to do so.

IMMIGRATION

Immigration shows a falling off of about 10,000 in the ten months ending July, 1932, as compared with the ten months ending July, 1931. The largest number of immigrants are still coming from the United States.

COMMODITY PRICES

The latest report issued by the Dominion Bureau of Statistics shows that the wholesale prices of important commodities have not changed very materially from the 1st of January, 1932, to the 30th of September, 1932. Of 30 commodities, 16 are slightly down, 8 are up and 6 are unchanged. Since that time, however, there has been a betterment, and with the increased markets we are fully justified in expecting, especially with Great Britain, a considerable increase in the value of our exports and a further rise in prices.

CENTRAL BANK.

The proposal to establish a Central Bank in Canada is one for which it is difficult to see the necessity. It would not provide additional credit beyond what is already accorded by our Canadian Banking System, with the assistance of the present Finance Act. Credit is being provided by the Canadian Banks where credit is justified, and in these days Banks are functioning to give the maximum of service to the people combined with ample security for their depositors. More than ever, in these days, our Banks consider themselves in the position of trustees and are endeavoring to prove worthy of their trust. Mr. Phipps, however, is much better posted in connection with this question of a Central Bank, and I have no doubt that he will make reference to it in his address.

THE RAILWAY PROBLEM

I would like to say here that I hope our Government, when disposing of the railway problem which is now under discussion in the Senate, will, in their wisdom, be able to find a solution which will not in any way interfere with the freedom of management of the Canadian Pacific Railway, which is perhaps Canada's greatest asset and which has been so competently managed by its own officials and Directors for a period of over fifty years. The appointment of a committee with authority to supersede the President and Directors in matters of policy would be, in my opinion, unprecedented and would be striking directly at the right of shareholders and security holders both at home and abroad to manage the business which belongs to them.

IMPERIAL ECONOMIC CONFERENCE.

Perhaps the most outstanding event of the year was the Imperial Economic Conference at Ottawa, and it is only fitting that the Prime Minister and his colleagues be congratulated upon the success achieved. It is a little early yet to determine the benefits which will accrue to Canada as a result of the Conference, but the ground work has been laid and it is now up to the Canadian people to take advantage of the opportunities which have been provided for them. As the Prime Minister stated a short time ago in his own home City of Calgary, "You have cried for markets—now they are here—take them." We have certainly every reason to look for largely increased export business with Great Britain and with the other British Dominions, provided prices are right and the difficulties of exchange can be overcome.

With the agreement reached between the United Kingdom and Canada, we are assured of a much larger share of the British market in regard to wheat and flour, provided world prices are such as will permit us to take advantage of them. Similarly in regard to bacon—the quota which has been suggested should give five times the export volume of business to Canadian Hog Raisers and Bacon Packers. For the Fruit Growers in Canada there will also be an excellent market in Great Britain, which we have failed to take full advantage of in the past, owing largely, I think, to our failure to comply with the British demands in regard to quality and method of packing. Careful study should be made of the British market requirements in regard to our apples and other fruits and vegetables. There is no use in our attempting to force our method of packing and our standard of quality on the British public. There is no more conservative market in the world than that of Great Britain and a careful study of its requirements must be made if we are to take advantage of the opportunity presented for selling these products to Great Britain. In regard to Canadian manufacturers, and also to our Lumber Mills, the situation is a little uncertain, but Great Britain has given us preferences which should be helpful. Let us take full advantage of our London Office, presided over by the High Commissioner for Canada, in getting the fullest information, as well as by personal representation on the part of those interested in these products, and establish a proper understanding and knowledge of what is required so that we may take advantage of the opportunities as they arise.

WORLD ECONOMIC CONFERENCE

The World Economic Conference which is to be held in London shortly is one which we are hopeful, by means of compromise and co-operation, will produce a betterment in international affairs. The success which attended our Imperial Economic Conference at Ottawa makes us hope that a similar result will follow the World Conference. The problems, however, are much more complex in view of the widely divergent views throughout the world on such vital questions as tariffs, reparations and standards of living. The events of the past three years, however, should demonstrate that international co-operation is essential in the conditions existing today. Nations as well as individuals, are naturally selfish, but the conditions at present are such as to make it necessary that all representatives at the Conference give the most serious consideration to the problems affecting all nations, and we are hopeful that the results of the World Conference will meet with a reasonable measure of success, and that, in any case, we will learn more intimately the problems of the various units which make up this complex world of ours. Patience and forebearance and a careful hearing given to the problems affecting all countries will, no doubt, do much to give us a kindlier understanding of one another's difficulties, problems and aspirations.

In conclusion let me say we have every reason to be thankful and to be proud of the results of the year just closed. We may congratulate ourselves that we have opportunities for developing business due to the Imperial Economic Conference and which will be further stabilized by the results of the coming World Economic Conference, and that there is a greater feeling of optimism throughout the country than there has been for two years. Let us do our part in taking advantage of these opportunities and carry on with confidence and courage looking toward the further development of our great Dominion.

Before moving the adoption of the Report, it affords me great pleasure to announce that the Directors have elected to the Board, Mr. W. B. Woods, son of our former honored and esteemed Vice-President, Sir James Woods. Mr. Woods is Vice-President of the Gordon Mackay Company, Limited, and brings very valuable knowledge and experience to assist in directing the affairs of the Bank. We bid him a very hearty welcome.

I would again like to record my very high appreciation of the entire staff of the Bank. They have labored long and faithfully and with great efficiency during trying times.

MR. A. E. PHIPPS, General Manager

I have much pleasure in complying with the President's request that I should explain the Profit and Loss Account and the Balance Sheet which you have in your hands, and which, I trust, you find thoroughly satisfactory. All of you who are actively engaged in business must fully realize the difficulties that have surrounded all classes of business undertakings during the year. Banks have not been exceptions, and I think you will appreciate that our statements might have been less satisfactory without there being any cause for complaint. As it is, the total assets are down approximately 9 per cent., and the same rate of reduction follows through the deposits, the loans, the liquid assets, and in fact almost every item in the Balance Sheet.

PROFITS 1 PER CENT OF ASSETS.

It is rather remarkable that the profits of your Bank very consistently amount to about 1 per cent of the total assets; thus last year when the assets were $139,000,000 the profits were $1,328,000, and this year the assets are $127,000,000 and the profits are $1,205,000. These profits are arrived at after the usual careful revaluation of our assets and after the necessary amounts have been subtracted from the earnings to provide in full for bad and doubtful debts. The profits equal 8 per cent on the paid-up capital and rest account combined. After providing for the dividend and contributions to the guarantee and pension funds and for Dominion Government and other taxes the profits have been applied to writing a further $250,000 off Bank Premises account, and $150,000 has been provided for depreciation in securities or other assets, a similar provision to the extent of $250,000 having been made a year ago. There is left to be carried forward a balance of $544,743.51, compared with $761,908.50 a year ago. Although the shareholders received dividends totalling 11½ per cent for the fiscal year the dividend was placed by the Directors at 10 per cent per annum for the last quarter, a policy in which I fully concur, and which has been adopted, I think, by every other Bank in Canada. The fact of the matter is that with diminishing business there must be diminishing earnings, and until business revives, with the resultant swelling again of the amounts of money made available to the Banks for employment, the earnings expressed in terms of capital cannot be expected to grow. We hope that the return of such conditions is not far away.

THE BALANCE SHEET.

Turning to the Balance Sheet, the liabilities to the public sharply reflect the decline in general business. The notes of the Bank in circulation, at $8,021,000, are lower by upward of $900,000, and the deposits, at $99,712,531.80, are down slightly over $9,000,000, of which over $2,000,000 is in the not-bearing-interest class, and slightly over $7,000,000 in the deposits bearing interest. We consider this showing satisfactory enough. Many people must be using their savings to live on. There have been heavy demands upon Bank deposits by the National Service Loan and other issues of securities floated on the Canadian market, which constitute a heavy and powerful drain. The other items in the liabilities merely represent our transactions with our banking connections at home and abroad, and call for no remark. Summing up, our liabilities to the public are down, as I said, just about 9 per cent.

QUICK ASSETS 56% OF TOTAL.

We find that our specie, Dominion Government notes, and United States and other currencies, stand at $8,379,242.44. Our total cash assets are $19,675,378.47, compared with $20,895,270.28 a year ago, a reduction of $1,219,891.81. Including, as is customary, other quick assets, such as Government and Municipal bonds, loans to Provincial Governments and Municipalities, and Call Loans, the total of readily realizable assets is $62,876,628.54. The percentage of cash assets to the total liabilities to the public is 17½ per cent., and of total quick assets, 56 per cent., which is a slightly higher percentage than last year.

The current loans have shrunk from $65,103,364.65 to $57,467,654.16, a reduction of $7,640,710.49. From September, 1931, until 30th September, 1932, the current loans in Canada of all the Banks decreased by $123,262,000, so that there is nothing remarkable in the decrease in our loans, which, of course. is due to the drying up of business, smaller prices paid for products, et cetera, and is the principal cause of the reduction in earnings by the Bank.

QUALITY OF LOANS HIGH.

We are happy to say that we consider the quality of the loans of the Bank as high as it has ever been, and we have no major difficulties in sight in connection with any of them, our securities, too, consist of Government and Municipal bonds only, and are included in the balance sheet at market value or less. Non-current loans, $220.853.49, compare with $238,177.54 last year. Real Estate and Mortgages on Real Estate Sold and Other Assets all show a slight reduction due to liquidation.

BANK PREMISES ACCOUNT REDUCED.

The Bank Premises account, which stood at $6,300,000 a year ago, now stands at $6,000,000. Our expenditures on Bank Premises other than the erection of two small offices, one at Stamford, Ontario, and one at St. Vital, a suburb of Winnipeg, were negligible during the year, and the reduction in the account has been brought about by the customary write-off and by the sum that is set aside in the Profit and Loss account. We consider that the Bank has a very substantial equity in its Bank Premises account.

BRANCHES NUMBER 218.

The Branches of the Bank number 218, a reduction of nine from last year. The reduction, of course, has been brought about by closing unprofitable Branches, a procedure that has been somewhat accelerated, I think, in all the Banks by the persistence with which taxes on country offices are increased without regard to their earning capacity. It seems to me that if this policy is persisted in it will only be a matter of a short time before the banking facilities afforded in country places may be quite sharply curtailed.

SHAREHOLDERS 2,640.

The number of shareholders total 2,640, compared with 2,592 a year ago, an increase of 48. Shareholders in the United States now number 360, against 350 a year ago, an increase of 10, and the number of shares held by those resident in the States has increased from 8,755 to 8,976.

STAFF 1,469.

The staff have worked well and loyally under trying conditions of business, which have called for a very high degree of watchfulness and care. Our staff now number 1,469, as compared with 1,529 a year ago.

The Bank Act was due for revision in 1933, but the Government, no doubt for very good reasons, have decided to postpone the revision for another year. The postponement, so far as I know, was not due to any request or suggestion from the Banks, but no doubt will prove to be a wise decision. In some quarters there have arisen claims that coupled with the revision should be the establishment of a Central Bank in Canada, and the delay in bringing on the revision will give an opportunity for the advocates of a Central Bank to reconsider and, I hope, abandon their idea. What good purpose a Central Bank could serve is something that I, for one, cannot see. Under our present system the Finance Act with a minimum of expense, as far as operating charges are concerned, and with profit to the Government, provides the chief feature of any Central Banking system; that is, it permits commercial Banks needing currency with which to facilitate the business of the country to receive it on the deposit of securities as in the Act defined.

THE ARGUMENT AGAINST CENTRAL BANK

A Central Bank in Canada could not incerase banking resources or currency based on resources by a single dollar over what is now possible under existing legislation, nor could a Central Bank legitimately make available more credit than can now be supplied by the Chartered Banks through the elasticity of the Finance Act.

FEDERAL RESERVE SYSTEM IMPERFECT.

It is interesting to recall that when financial depression on a large scale hit the United States that the Federal Reserve System of that country, which was restricted by regulations such as, generally speaking, govern a Central Bank, was not able to cope with the situation, but other measures (for one, the Reconstruction Credit Corporation based on the lines of the Canadian Finance Act) were enacted for the purpose of making available more credit and more money than it was possible to obtain from the Reserve Banks owing to the restrictions imposed upon them. If you can imagine the United States with a Finance Act instead of a Federal Reserve System, there would have been no cause for the enactment of special laws, and in fact there need never have been any money panic. Another question which does not seem to have received consideration is where the capital is to come from as well as the deposits required to build up the Central Institution. Presumably, these can only come from the Banks, and any reserves that would have to be set up by a Central Bank would be in addition to the reserves of the Chartered Banks, and would tighten the money situation just to that extent. I fail to see one single benefit that Canada might expect from the establishment of a Central Bank, and I see a number of drawbacks. A Central Bank cannot be established without heavy expenses—no doubt its sponsors will say otherwise, but once it is launched expenses will be hard to control. It is not difficult to visualize the agitation for an imposing Head Office, expensive Branch offices for every Province, highly paid Managers and staff at the Head Office and the Branches with no benefits to the country, and with not a whit more banking credit or currency than there is now available. A Central Bank once established is established for all time, and the expense goes on forever. The country has experimented at great and mounting cost with many public services in fields well served by private enterprise—to mention only two, the Railways and the Steamships. I look upon the agitation for a Central Bank in Canada as unwise, and I hope for the national good that no attempt will be made to invade the field of banking, which is one of the few business enterprises which most of our own people and all the rest of the world seem to think is on a thoroughly satisfactory basis, as it is, and that no drastic or experimental changes will be made in the Canadian Bank Act under which the Nation has been so adequately served ever since the Act came into being.

A GLIMMER OF LIGHT

I am not going to make any remarks on general business conditions, that being the privilege of the President, but I fully concur in the President's belief that the tide in business is turning for the better. We still have before us the problems arising from the low prices prevailing for agricultural and other commodities, the tangled newsprint situation and the terrific problem of the Railways, but all these are being grappled with by men of the highest executive ability and in time will be solved. Generally, I seem to see a slight improvement in business and a glimmer of light at the end of the long tunnel of depression through which we are passing. When we will emerge into the light of resumed prosperity no one can say, but I concur in the opinion expressed a few days ago, by Mr. J. A. McLeod, President of the Canadian Bankers' Association, that the depth of the depression was reached a few months back and that we in Canada are commencing to climb slowly and perhaps laboriously toward the light of better times. Holding these views the policy of the Imperial Bank of Canada will continue to be one of growth and advancement along safe and conservative lines. We will continue to give the very highest service to all, assisting to the fullest extent consistent with safety those of our customers who are struggling honestly with adversity and extending the utmost leniency to our agricultural friends and customers for whom the going has been so hard with the endeavor always before us to keep the farmer on the land until he has the opportunity to win through. It must be a source of satisfaction to you, as it is to me and my colleagues, to realize that the position of your Bank is such as to enable this policy to be carried through until the clouds of depression have been rolled back and the sun of prosperity shines once again. We have a country second to none on earth, a strong virile people, and no matter what the present conditions may be, we can look confidently forward to the future. Before sitting down I would like to express my thanks to the President and the Vice-Presidents and the other members of the Board for the constant, painstaking assistance afforded throughout the year and to express my pleasure that the selection of a new Director fell upon Mr. W. B. Woods, who takes a keen interest in his duties and is already helpful in a great many ways.

The following Shareholders were elected Directors: Frank A. Rolph, Lieut.-Col. J. F. Michie, R. S. Waldie, George C. Heintzman, J. W. Hobbs, Walter C. Laidlaw, John A. Northway, A. E. Phipps, Henry E. Sellers (Winnipeg), Gordon H. Aikins, K.C. (Winnipeg), R. O. McCulloch (Galt), W. B. Woods.

At a subsequent meeting of the Directors, Frank A. Rolph was re-elected President and Col. J. F. Michie and R. S. Waldie Vice-Presidents.

LITTLE ACTION DUFF REPORT TILL FEBRUARY

(Continued from page 1)

whether or not to the point where they would eliminate the Board is doubtful.

Three Courses Open

At the moment three alternative lines of advance are open to the Senate committee. Senator Raoul Dandurand already has served notice that he intends to bring the unification policy before the committee in a positive way. Senators will have an opportunity of accepting or rejecting it. At the moment the chances are distinctly in favor of rejection.

The second course is to stand the bill over until February, encouraging the two roads to get together and make economies by co-operative action in the meantime. If the measure of co-operation so achieved indicates that substantial savings are being made, the Senate committee might feel free to strike out the Arbitral Board section.

The third course is to enact the Arbitral Board section but to provide that it not become operative until proclaimed by the government. The understanding would be that if the railways made a success of voluntary co-operation, no proclamation would issue. if not, then the machinerv would be brought into play.

Second Course Likely

The second course is almost certain to be adopted. Mr. Beatty, himself, seemed rather to favor it. He said that Senators would be able to judge of the benefits voluntary co-operation can bestow within two months. The Canadian Pacific has many matters to bring to the attention of the National and will lose no time in doing so.

For the balance of the present session, the Senate committee will hear representations and will proceed with the re-drafting of the bill. It is just possible that the bill may be reported back to the Senate for third reading, though this seems doubtful. The critical stage of the measure, however, will not be reached until next February.

CAN. CEMENT BOND INTEREST TO BE EARNED

(Continued from page 1)

be cut to a lower figure. Write-offs for depreciation and other reserves have been a noteworthy feature in the company's income account since 1927; undoubtedly this policy of setting aside substantial reserves will stand the company in good stead in times like the present.

Large Write-offs Made

In the four years ended November 30, 1931, $7,764,035 was written off on account of depreciation alone. Over $1,000,000 was provided in the same period for contingent reserves and income taxes, which totalled $513,614 at the end of the last fiscal year. Fire insurance reserve stood at $629,600; extra repairs and renewals at $100,000. Despite these large write-offs, earnings since 1928 were sufficient to cover preferred dividends each year by a fair margin.

Economies Are Effected

How much of the decline in earnings the company has been able to offset by operating economies has not been disclosed. Plant improvements and savings in distribution costs have both been effectual in reducing working expenses. Expenditures made in more prosperous years have yielded a good return in lowering operating costs. All the company's plants have now been turned over to the "wet" process of manufacture with a view to more economical operation, while additions to storage and improvement in bulk transportation and distribution facilities have also found reflection in costs.

Of the $20,000,000 of 5½ per cent first mortgage bonds issued in 1927 there were $19,178,000 outstanding at the end of November, 1931. A sinking fund of 2 per cent is reducing this issue. No dividend has been paid on the 600,000 shares of no par common stock.

A. J. Pattison, Jr. & Co. Limited
INVESTMENT BANKERS
Dealers in Unlisted Bonds and Shares
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Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning and operating mills at
Murray Bay, Que. — Sault Ste. Marie, Ont.
Beaupre, Que. — Iroquois Falls, Ont.
Sturgeon Falls, Ont. — Smooth Rock Falls, Ont.
Espanola, Ont. — Fort William, Ont.
Pine Falls, Manitoba
Daily Capacity 2200 Tons Newsprint
Groundwood Pulp — News Sulphite Pulp
High Grade Bleached Sulphite Pulp

EAT FLEISCHMANN'S
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A vitalizing, corrective food in daily use by thousands of Canadians
A quality product of
STANDARD BRANDS LIMITED
HEAD OFFICE: MONTREAL
A Canadian corporation operating Canada's largest fresh food delivery system
MANUFACTURERS AND DISTRIBUTORS OF
Fleischmann's Bakery Products, Fleischmann's Yeast for Health, Magic Baking Powder, Gillett's Lye, Royal Yeast Cakes, Chase & Sanborn's Tea and Coffee

FRASER COS. PLAN LARGE TIMBER CUT

Reduction of Stumpage Dues Stimulates Operations

From Our Own Correspondent

MONTREAL.—Frasers Cos. plan to cut 10,000,000 feet of lumber this winter in the Lake Temiscouata area for manufacture into long lumber at the companies' mills at Cabano, Que., according to an announcement made by K. S. MacLachlan, general manager. Decision to go ahead and make this cut came about as a result of the Quebec government's action in lowering stumpage dues.

Lower stumpage rates in New Brunswick, put into effect toward the latter part of October, resulted in promise for a more active lumbering season in this province. The new rates were cut from $2.50 to $1 on saw lumber, and from $2.70 to $2 on pulpwood.

Plan 1932-33 Cuts

Following announcement of lower rates in this province, the Fraser Companies announced they would cut 16,000,000 feet of lumber, of which 10,000,000 feet is for the mill at Plaster Rock, Victoria County. It is estimated that this will keep this mill going full time this winter and the Victoria plant at part time, the company said.

Shortly after the announcement of lower New Brunswick stumpage rates, Hon. F. D. Tilley, Minister of Lands and Mines, stated that two other woods operations in this province would result—the Purchase A— operation of 15,000 cords of fresh cut pulpwood in the Miramichi River area, by the Miramichi Lumber Company, Limited, and a cut of 2,300,000 feet of logs on the lands of the Miramichi Lumber Company, Limited, at Burnt Land Brook, by Ashley & Coulter, Limited, Fredericton. Both operations were to be completely carried out during the present lumbering season, Mr. Tilley announced.

"by Quebecers," Mr. Kernan is quoted as saying.

"The company is favorably situated as regards American markets, has abundant reserves, produces its own electricity and is ready for an active year. We believe that, given wise administration, and with a revival in the pulp and paper industry, Donnacona will assume a leading role in the newsprint trade.

"We have retained our clients, but, even so, a business revival is necessary, for production of newsprint has dropped to a very low level. Donnacona will most certainly be able to make use of its timber and equipment," he added.

Donnacona Paper Co. Retains Its Customers

From Our Own Correspondent

MONTREAL.—Donnacona Pulp and Paper Co. has retained its clients and with a revival of business the company is in a position to resume its commanding position in the newsprint trade, according to R. B. Kernan, newly-elected president of the company.

"We want to make the Donnacona Pulp and Paper Co. an enterprise that is entirely a Quebec one and headed

Higher Rate on Sterling Urged for New Zealand

Definite action by New Zealand to raise the exchange rate for sterling may be taken shortly. The present premium on sterling in New Zealand is about 12 per cent and it is proposed to raise this to 25 per cent.

Exporters approve such a move, are not willing to take the responsibility for it. It is thought such a step would create a piling up of sterling balances in the exchange pool held in London by New Zealand banks.

Associated chambers of commerce of New Zealand oppose the measure as directly opposed to the results of the Imperial Conference in that it would amount to an extra handicap against imports from Britain.

Pressure is being applied on the Government to raise the rate, but the Prime Minister J. G. Forbes says that the banks, who are responsible for the country's finances, must take the action.

I. P. of Newfoundland Plans Larger Wood Cut

From Our Own Correspondent

MONTREAL.—International Power and Paper Co., of Newfoundland, have under consideration a change in plans respecting the cut of pulpwood this season. Originally the company had intended cutting about 40,000 cords of pulpwood, but consideration is now with the possibility of a further increase to 100,000 cords.

Dominion Life Opens Second Office in Montreal

From Our Own Correspondent

MONTREAL.—Dominion Life Assurance Co. has opened a new branch office in Montreal under the managership of B. W. Franklin. It is understood the original branch handles a large portion of the company's French business while special attention will be devoted to the English speaking field at the new office.

What's New in Radio

The answer is, of course, everything. Radio is attracting to itself the best brains engaged in every form of human endeavor — metaphysicians to burnt-cork wisecrackers.

The field is so vast that some periodical is needed that will record radio's happenings, assay their importance and accurately record the time of their occurrence.

All this Radio Weekly tries to do. You will find that a careful reading of its pages will give new zest to the hours you spend with your radio set.

Radio Weekly 5c On All News Stands 5c

WEEK'S CANADIAN STOCK AND BOND QUOTATIONS

Montreal, Toronto & Curb Markets

WEEK ENDING NOVEMBER 21

Range 1932 High	Low	Divd. Rate in %	Yield § Nov. 19		Sales	Close Nov. 15 (or last)	Week Ending —Nov. 21— High	Low	Close
[illegible]				Abitibi					
				Do. pref.					
				Acme F. D'y. P.					
				Agnew Surp.					
				Do. pref.					
				Alta. Pa. Gr.					
				Amal. Electric					
				Anglo. N. Hold.					
				Asbestos					
				Assoc. Brew.					
				Assoc. Tele.					
				Atlan. Sugar					
				Bk. Can. Nat.					
				Bk. Montreal					
				Bk. N. Scotia					
				Bk. Toronto					
				Barcelona					
				Bathurst Pr.					
				Bawlf Grain					
				Beatty Bros. A					
				Beauharnois					
				Belding Cort.					
				Bell Telephone					
				Biltmore Hats					
				Bissell, T. E.					
				Blue Ribbon					
				Brant. Co. Rd.					
				Brazilian Tr.					
				Brew. & Distil.					
				Brewing Corp.					
				Brit. Amer. Oil					
				B.C. Packers					
				B.C. Power (A)					
				Bruck S. Mills					
				Building Prod.					
				Burt, F. N.					
				Calgary Pr.					
				Canada Bread					
				Canada Bud					
				Canada Cement					
				Canada Dry					
				Can. Forg. (A)					
				Canada Iron					
				Can. Malting					
				Can. N. Pw.					
				Can. Paving					
				Can. Steamships					
				Can. W. Cable					
				Can. Bakeries					
				Can. Bronze					
				Can. Canners					
				Can. Car & F'y					
				Can. Celanese					
				Can. Convert.					
				Can. Dredge					
				Can. Gen. Elec.					
				Can. Hyd. E. P.					
				Can. Int. I. T.					
				Can. Locomotive					
				Can. Marconi					
				Canadian Oil					
				Can. Pacific					
				Can. Vickers					
				Can. Wire Box					
				Catelli Mac. A					
				Cent. Can. L.					
				Chem. Research					
				Claude Neon					
				Cockshutt Plow					
				Com. Alcohol					
				Conduits					
				Cons. Bakeries					
				Cons. Paper					
				Cons. Sand					
				Consumers Gas					
				Cosmos Imp.					
				Crown Dom. Oil					
				David & Fre. B.					
				De Havilland					
				Disher Steel					
				Distill-Seagram					
				Dome Mines					
				Dom. Bridge					
				Dom. Coal					
				Dom. Engineer.					
				Dom. Glass					
				Dom. Motors					
				Dom. Stores					
				Dom. Tar & Ch.					
				Dom. Textile					
				Donnacona					
				Dryden Paper					
				Duff. Paving					
				East. Dairies					
				East. Steel Secs.					
				East. Theatres					
				Easy Washer					
				Economic Inv.					
				Edmonton D'y					
				Enam. & Heat.					
				Eng. Electric					
				Fam. Players					
				Fanny Farmer					
				Firestbrook Box					
				Ford Motor A					
				Foundation Co.					
				Fraser Cos.					
				Front. Brew.					
				Gen. St. Wares					
				Goodyear Tire					
				Gould Pumps					
				Gt. W. Saddlery					
				Gurd, Chas.					
				Gypsum, Lime					
				Ham. Bridge					
				Ham. Cot.					
				Ham. U. Theat.					
				Hayes Wheel					
				Hillcrest Coll.					
				Hinde & Dauch					
				Holt Renfrew					
				Honey Dew					
				H. Smith Pap.					
				Humberstone S.					
				Hunt (A)					
				Huron & E. M.					
				Hydro Electric					
				Imperial Bank					
				Imperial Oil					
				Imperial Tob.					
				Inter. Coal, P.					

Range 1932 High	Low	Divd. Rate in %	Yield § Nov. 19		Sales	Close Nov. 15 (or last)	Week Ending —Nov. 21— High	Low	Close
[illegible]				Int. Hyd. E. A.					
				Inter. Mill. pf.					
				Inter. Nickel					
				Inter. Paints					
				Inter. Pa & Pr A					
				Inter. Power					
				Inter. Util. (A)					
				Jam. Pub. Ser.					
				Kelvinator					
				Lake of Woods					
				Landed Bank					
				Laura Secord					
				Lindsay, C. W.					
				Loblaw (A)					
				Loew's, London					
				MacKin. Steel					
				Manitoba Pr.					
				Maple Leaf					
				Marcus Loew's					
				Massey-Harris					
				McColl Fron.					
				Mexican L & P					
				Mercury Mills					
				Mitchell, J. S.					
				Mitchell, Robt.					
				Monarch Knit.					
				Mont. Exhib.					
				Mont. L. & P.					
				Montreal Loan					
				Montreal Tele.					
				Mont. Trams.					
				Moore Corp.					
				Mt. Royal Hot.					
				Muirheads					
				Nat. Brew.					
				Nat. Brick					
				Nat. Steel Car					
				National Tr.					
				Niag. W. Weav.					
				North Star Oil					
				N.S. Steel					
				Ogilvie Flour					
				Ont. Eq. 10% p					
				Ont. Manuf.					
				Ont. Silknit					
				Ont. Steel					
				Orange Crush					
				Ott. L. H. & P.					
				Ott. Traction					
				Page Hersey					
				Paramount					
				Paton Mfg.					
				Pelissiers					
				Penmans					
				Power Corp.					
				Port Alfred pf					
				Porto Rico P					
				Postal Tel.					
				Prairie C. Oil					
				Pressed Metals					
				Price Bros.					
				Quebec Power					
				Real Estate L.					
				Regent Knit.					
				Reliance Grain					
				Riordon Pap.					
				Robinson Cons.					
				Rogers Majes.					
				Royal Bank					
				Ruddy, E. L.					
				Russell Motor					
				Sarnia Br. (A)					
				Serv. Station					
				Shawinigan					
				Sher. Wm.					
				Simpson's					
				Simpson, R.					
				St. Law. Corp.					
				St. Law. Flour					
				St. Law. Pa. P.					
				Stand. Chem.					
				Stand. Paving					
				Steel of Can.					
				Sterling Coal					
				Sup. Pete. ord.					
				Sun Life Assur.					
				Tamblyn					
				Thayers					
				Tip Top Tailors					
				Tooke Bros.					
				Tor. Elevators					
				Toronto Mtge.					
				Traymore					
				Tuckett Tob.					
				Twin City					
				Union Gas					
				Union Trust					
				United Fuel					
				United Steel					
				Viau Biscuit					
				Wabasso Cot.					
				Walker-Good.					
				Waterloo Mfg.					
				W. Koot. Pr.					
				West C. Flour					
				West. Grocers					
				W. Steel Pr.					
				Weston Geo.					
				Windsor Hotel					
				Winnipeg Elec.					
				Woods Mfr.					
				Zimmerknit					

x Quotations for 1931. * No sales recorded in 1932 to date.
b New York Quotations.
Quotations for 1930.
‡ Plus 30c. extra paid Jan. 2, 1932.
Plus final div. of 17½c paid March 31, 1932.
¶ Plus 20c. extra payable Dec. 1.

Winnipeg Stock Exchange

(Transactions for week to Nov. 19)

Div. Rate	Yield in %		Sales	High for week	Low for week	Close Nov. 12	Close Nov. 19
[illegible]		Alta. Pac. Cons.					
		Calgary & Edmonton					
		Candn. Fire Ins.					
		Central Manitoba					
		Dome Mines					
		Great West Life					
		Hudson Bay Min.					
		McColl-Front.					
		Noranda					
		Northern Mortgage					
		San Antonio					
		United Grain					
		West. Grocers, pref.					

Stocks Not Traded in During Week*

	Bid	Ask		Bid	Ask
Beaver Fire			Sovereign Life		
Beaver Lumb. pfd.			Traders Bldg. Assn		
City Dairy 7% pf.			West. Breweries		
Can. Nat. Fire			West. St. Prod. pf.		
Cres. Creamery pf.			Can. Amer. Tr. shs.		
Home Investment			Fundamental Series "A"		
Monarch Life 10%					
Northern Can. Mtge.					
Pelissiers pref.					
Reliance Grain pfd.			Grouped Inc. shs.		

Unlisted Canadian Stocks

(Furnished by A. J. Pattison, Jr. & Co., Limited) Investment Bankers—Toronto

November 22, 1932

Industrial Stocks:	Bid	Asked
Acadia Sugar c.	[illegible]	[illegible]
Acadia Sugar pfd.		
Acme Farmers Dairy pfd.		
Acme Glove pfd.		
Agnew Surpass pfd.		
Allens Beach pfd.		
Allens Calgary pfd.		
Allens London pfd.		
Allens Toronto pfd.		
Allens St. Clair		
Andian Nat. Corp.		
B.C. Pulp & Paper		
Burns pfd.		
Can. & Dom. Sugar		
Can. Mach. c.		
Can. Packers pfd.		
Can. Starch pfd.		
Can. Wire & Cable		
Can. Industries "A"		
Can. Industries "B"		
Can. Westinghouse		
Chase, A. W.		
Claude Neon Gen. Adv. Units		
Claude Neon Gen. Adv. c.		
Dom. Foundries & Steel c.		
Dom. Foundries & Steel pfd.		
Dom. Mfg. pfd.		
Dunlop Tire 7% pfd.		
Eastern Dairies Ltd. pfd.		
Edmonton Stockyards Units		
Fed. Grain pfd.		
Fred. Steel Wares pfd.		
Goderich Elevator & Transit		
Greening Wire		
Guardian Realty		
Guelph Carpet pfd.		
Guelph Carpet c.		
Inter. City Bak. c.		
Inter. Proprietaries "A"		
Langleys pfd.		
Loew's London		
Maple Leaf Gdns.		
Massey Harris pf.		
Mount Royal Hotel		
Nat. Grocers c.		
National Grocers pfd.		
National Sewer Pipe c.		
Provincial Paper		
Reliance Grain pf.		
Rolland Paper pfd.		
Standard Fuel pfd.		
Superior Petroleum		
Toronto Brick pf.		
Toronto Carpet 8% pfd.		
Toronto Elevators 7% pfd.		

Industrial Stocks:	Bid	Asked
Western Grain pfd. bonus		
Willards Choc.		
Insurance Stocks:		
Br. Amer. Assce.		
Can. Fire Ins.		
Confederation Life 20% pd.		
Continental Life		
Crown Life Ins.		
Dom. Fire Ins.		
Dom. Life 50% pd.		
Dom. of Can. Gen. Ins.		
Excelsior Life		
Fidelity Ins. of Can.		
Great West Life		
Guarantee Co. of N. A.		
Halifax Fire Ins.		
Imp. Life Assce.		
Mfrs. Life Ins.		
Monarch Life		
National Life 25% pd.		
Saskatchewan Life		
Sovereign Life 25% pd.		
Sun Life Assce.		
Western Assce. c.		
Trust & Loan Stocks:		
Can. Gen. Invest.		
Chartered Trust		
Deb. & Sec. pfd.		
Eastern Can. Sav. & Loan		
Eastern Trust		
Guelph & Ont. Inv. par $50		
Investment Foundation Units		
Lambton Loan & Sav.		
London & Western Trust		
Mtge. Disc. pfd.		
Mutual Fin. pfd.		
Premier Trust		
Provincial Bank		
Security Loan & Savings		
Sherbrooke Trust		
Sterling Trust		
Traders Fin. c.		
Traders Fin. pfd.		
Trusts & Guar.		
Waterloo Trust & Savings		
Power Issues:		
B.C. Elect. Pwr. & Gas pfd.		
Calgary Power		
Can. Light & Power		
Gas LH&P c.		
Gas LH&P pfd.		
Nat. Gas		
Gt. Lakes Pwr.		
Maritime Tel. & Tel.		
N.B. Telephone		
Nova Scotia L&P		
Recent London Quotations:		
Brewer Distillers		
Can. & For. Inv.		
Can. West. Lumber		
Hudsons' Bay		
Intern. Holdings		
Nfld. Pr. & Pap.		
Trust & Loan of Can.		

Active Unlisted Bonds

(Furnished by A. J. Pattison, Jr. & Co., Limited) Investment Bankers, Toronto

November 22, 1932

Industrial Bonds:	Bid	Asked
[illegible]	[illegible]	[illegible]

Public Utility Bonds: [illegible]

Government, Provincial & Railway Bonds: [illegible]

Note re Unlisted Securities

Although The Financial Post strives to obtain the closest quotations possible on the unlisted stocks and bonds in the various tables on this page and the adjoining page, the quotations are not guaranteed and no responsibility is assumed in connection with them. In inactive markets, many quotations can be little more than nominal but it is felt that even a nominal quotation giving an idea of approximate price is better than none at all.

Dividends Declared

	Annual rate	Amt. this payment	Date payable	Date of record
Agnew Surpass pref.	[illegible]			
Acadia Sugar Ref. pfd.				
Andian National				
Bk. of Nova Scotia				
Bk. Can. Nationale				
Bank of Montreal				
Bank of Toronto				
Borden's C. (No. 81)				
Brazilian Traction				
Canada Northern Power				
Canadian Oil pref.				
Can. Hydro-Electric 1st pfd.				
Cons. Divers. Std. Secs. 1st pfd.				
Can. Bank of Commerce				
Can. Silk Products "A"				
Crow's Nest Pass Coal				
Can. West. Nat. Gas pfd.				
Canada Malting				
Dom. Cottons pref.				
Can. Gen. Elec. pref.				
Dominion Bank				
Dom. Textile pref.				
East. Theatres pref.				
Hollinger Gold				
Imperial Tobacco, ord.				
Imperial Oil				
International Milling pfd.				
Inter. Petroleum coupon (35)				
Inter. Proprietaries "A"				
Lake Shore Mines				
Loew's London Theatres pfd.				
Lindsay, C. W. pref.				
Loblaw Groceterias "A" & "B"				
McIntyre Porc. Mines				
McColl-Frontenac pref.				
Montreal Loan & Mtge.				
Montreal Cottons				
Noranda Mines				
National Biscuit				
North Bri. Trust				
N.S. Light & Pr. pfd.				
Ogilvie Flour pref.				
Provincial Bank				
Petrol Oil & Gas				
Royalite Oil				
Rolland Paper pfd.				
Standard Steel, pref. "A"				
Sylvanite Gold				
Shawinigan W. & Pr.				
Siscoe Gold Mines				
Walker, Hiram, pref.				

*For the three-quarters of the year ending Dec. 31, 1931.

Dividends Postponed:
Brazilian Traction, Dec. 1 deferred. Last paid 2% stock divd. Sept. 1, 1932.
Canadian Car, com. Nov. 30, passed. Last paid 15c. Aug. 30, 1932.
Simon, H. & Sons, pref., Dec. 1, deferred. Last paid 1¾% Sept. 1, 1932.
Canada Bread pref. "B" Dec. 1. Last paid 1¾%.
Consolidated Sand, pref., Feb. 15, to be deferred. Last paid 50c. Nov. 15, 1932.
Standard Paving, pref., Feb. 15, to be deferred. Last paid 50c. Nov. 15, 1932.

Dividend Rate Increased:
Crow's Nest Pass Coal, Dec. 1. Increased from $4 to $6 per annum.

Dividend Rate Reduced:
Provincial Bank Dec. 1, reduced from $9 to $8 per annum.

Extra Dividends:
McIntyre Porc. Mines, 12½c Dec. 1.
Loblaw "A" & "B" 2½c Dec. 1.
Hollinger Gold 5c. Dec. 1.
Sylvanite 2c. Dec. 15.
Lake Shore Mines 50c. Dec. 15.

Bond Interest:
Barcelona Tr. 1st mtge. 5½% bonds. Interest payable Dec. 1.

Listed Bond Quotations

Week Ending November 21

Montreal	Int. Rate	Due	Yield	Bid	High	Low	Range 1932
Abitibi, 1st mtge.	5	1953	[illegible]				
Do., 1st mtge.							
Can. Cons. Rub.							
Can. Cottons							
Can. Forgings							
Can. Locomotive							
Can. Pac. (Laur.)							
Do. (Way. Ser.)							
Cedars Rapids							
Dom. Canners							
McNish. Coal							
Dom. Textile							
Mex. L. & P.							
Mont. LH&P deb.							
Mont. Tr.							
Mont. Trams.							
Do. "C"							
Do. "D"							
N. S. Steel							
Ontario Steel							
Porto R. Pr.							
Steel of Canada							
Wayagamack							
Winnipeg Elec.							
Toronto							
Canada Bread							
Steel of Canada							

Dominion Govt. Bonds (Montreal)

	Rate	Due					
War Loan	[illegible]						
Victory Loan							
Do.							
Do. refund							
Conversion Loan							
Do.							
Nat. Service Loan							

† Latest ask.
‡ Quotations for 1930.
* For 1931. None recorded in 1932 to date.

Active Provincial and Municipal Bonds

Quotations furnished by A. E. Ames & Co., Canada Permanent Building, Toronto, Ont. November 21, 1932

	Rate	Actual Maturity	Next Int. Date		Yield
*Alberta	[illegible]				
Alberta					
*British Columbia					
*British Columbia					
*Manitoba					
Manitoba					
*New Brunswick					
*New Brunswick					
Nova Scotia					
Nova Scotia					
Ontario					
Ontario					
P. E. I.					
Quebec					
Saskatchewan					
Saskatchewan					
*Newfoundland					
*Newfoundland					
Cities					
*Montreal					
*Toronto					
*Vancouver					
Winnipeg					
Edmonton					
Calgary					
Halifax					
Saint John					
Regina					
Victoria					
Quebec					

*Payable in New York.

Winnipeg Grain Prices

Week to November 22

Crop year from Aug. 1, 1932 High	Low		Open Nov. 16	High for week	Low for week	Close Nov. 22
		Wheat				
[illegible]		Nov.				
		Dec.				
		May				
		July				
		Oats				
		Nov.				
		Dec.				
		May				
		July				
		Barley				
		Nov.				
		Dec.				
		May				
		July				
		Flax				
		Nov.				
		Dec.				
		May				
		July				
		Rye				
		Nov.				
		Dec.				
		May				
		July				

NEW SCHOOL UNIT, TO ADD TO TAXES, SILENTLY GROWS

Ontario Department of Education Works in Dark

JUNIOR HIGH SCHOOL

Taxpayers Will be Presented With Expensive Fait Accompli, Just as in Past

By VICTOR LAURISTON

The increase in educational costs, out of all proportion to our increase in population, has been largely if not entirely due to measures initiated by provincial educational authorities. Not merely have such innovations added to provincial outlays; they have also involved heavy capital and operating expenditures by municipalities. What is true of Ontario in this respect is true in only a lesser degree of some at least of the other Canadian provinces.

A peculiar feature of most of these costly innovations is the extreme quietness with which they have been brought about.

Little Legislative Debate

The provinces control education. Thus, educational innovations might logically be expected to result in considerable discussion in the provincial legislatures.

Yet when municipal ratepayers find themselves confronted with new innovations resulting, for them, in hugely increased expenditures, they rack their memories in vain for recollection of any discussion in the legislature regarding the innovation. Even the unwontedly intelligent and pertinacious municipal administrator who searches the newspaper files in the provincial capital for details of the discussion of some costly educational amendment will almost always search in vain.

The question naturally suggests itself: "When did this proposition go through the legislature? How did it ever become law? Why is it that, while a federal measure involving a tariff change will receive columns of newspaper space, an educational measure resulting in an addition of two or three mills to the municipal tax rate isn't discussed, or at least isn't reported?"

Skilful piloting may account for the quiet way in which some of these measures are put across. Thus, in Ontario, the contentious Adolescent School Attendance Act, which raised the age of compulsory school attendance from 14 to 16, seems to have gone through the legislature unheralded. The first the general public knew of it was in 1921 when announcement was made that the law, passed some years earlier, would now be enforced.

Municipalities, realizing that the law meant the overcrowding of existing schools and the building of new schools, protested vigorously. These protests at last brought about discussion in the legislature—discussion resulting in the temporary postponement of the measure.

Mysterious Regulations

Most of the innovations, however, never come before the legislature at all. For instance, the men who are supposed to rule Ontario as a rule know nothing about educational changes until indignant protests from taxpayers at home call attention to them.

The changes are brought about, not by formal amendments to the school law, which have to be sanctioned by the legislature, but by regulations of the Department of Education, acting on its own initiative and without the previous knowledge of the municipalities and taxpayers affected.

The legislators and the public are confronted, not with a proposal to be discussed, accepted, amended or rejected, but with a fait accompli.

Junior High Schools

All this is preliminary to calling attention to an important new change just in the offing. The change has some features to commend it, especially from the academic standpoint. At the same time it may involve important financial results to municipal taxpayers.

The surmise that such an innovation is on the way and is being worked out by the officials of the Ontario Department of Education is based on chance hints dropped here and there. Two recent resolutions of the Ontario Secondary School Teachers are especially significant. These teachers are urging a requirement that all secondary school teachers in future be university graduates; and a further requirement that junior high schools, when established, be taught by qualified secondary school teachers.

Out of these scant hints the average individual, even the average legislator, would read nothing. But for one who knows the modern trend in education, it is not difficult to foreshadow what is coming if the Ontario Department of Education can put it across. It is the junior high school.

Traditional Dividing Line

In Ontario, the traditional dividing line between the primary or public school and the secondary or high school has been the high school entrance examination.

At one time, compulsory school attendance ended with the passing of this examination, even where the successful candidate might be under the stipulated age of 14 years. The "entrance" marked the point where, in the early days of education in Ontario, the child ceased to be educated at the expense of the general public and began to secure his education at the expense of the parents concerned.

The public school pupil was taught by a normal school graduate holding a public school teachers' certificate. The high school pupil, taking more advanced work, including science, languages and higher mathematics, was taught by the holder of a high school assistant's certificate—in Ontario a university graduate with professional training at the Ontario College of Education.

Division Less Definite

In recent years this dividing line has become somewhat blurred. Thus, country districts and the smaller towns are served by continuation schools, where holders of first class (public school) certificates teach the lower grades of high school work. Certain shop courses in technical schools can be taught by experienced mechanics who have taken special teaching courses, without the necessity of attending university. Some pupils can also be admitted to technical schools without securing the full high school entrance standing.

At first sight the proposals of the Ontario Secondary School Teachers would seem to imply that a technical school teacher in order to teach woodworking or shop mechanics must be a university graduate. The proposal would also, presumably, involve the displacing of first class public school teachers in the continuation schools by university graduates. In either event the increased outlay involved in taking a university course must be compensated by higher salaries to such teachers.

The real motive behind these proposals, however, involves something far more important to municipal taxpayers. It is whispered that the Department of Education is getting everything in readiness to inaugurate a system of junior high schools.

Such a system is now in operation in some at least of the States; so that what it involves requires no guesswork. The junior high school would take the work now taught in the fourth book classes of the public schools and also the work taught in the junior forms of the present high schools.

Financial Aspects

While there have been criticisms of the existing system, these criticisms have been on the score of expense rather than on the score of efficiency. Critics who demanded changes in other respects have usually urged simplification rather than elaboration. The clamor, much of it unintelligent, but all of it indicative of a certain restive discontent, has been for a return to the primary essentials — the famous "3 R's"—and the cutting out of "frills."

The concern of municipal taxpayers will be largely with the financial implications of the junior high school, and its possible effect on municipal tax rates.

For purposes of estimate, it might be fair to take the average small Ontario city. Supposing public school work ended with the third book, and high school work began with the present second form, what classes would the junior high school have to accommodate?

Another Building

There is, of course, the possibility that the junior high school would include also the second form work; but for purposes of discussion we may take the less comprehensive scheme.

In our average small city there are ten fourth book classes (junior or senior) averaging 40 pupils each, or a total of 400 pupils. In the first form of the high school there are five classes of similar size, or 200 pupils. So that the junior high school must provide accommodation and teaching for approximately 600 pupils.

The municipal taxpayer naturally asks: "Will this involve a new school building?"

In the larger cities, the routing of all the higher classes to certain schools may quite likely leave some of the existing school buildings free to serve as junior high schools.

In the small community, with its one secondary school building, the problem can hardly be worked out on that basis. The existing high school cannot accommodate the 400 extra pupils from the public school; or, if it did, the junior high school would cease to be, what it theoretically should be, an independent unit. Most of our existing secondary school buildings are overcrowded now.

One of a number of public schools might be temporarily utilized; but special equipment is required for the handling of even the junior high school work.

Hence, it is inevitable that, in most of the smaller communities, the introduction of the junior high school will very soon involve the construction of a new building. Even if the much criticized "frills" are excluded, such a building, including standard incidentals such as auditorium, gymnasium and heating and lighting systems, will involve a capital outlay of between $150,000 and $250,000.

Question of Operating Cost

The new unit of the junior high school will involve its own organization, staffed from principal down to janitor. Here comes one of the intriguing phases of the situation.

Of the fifteen classes embodied in the new schools, five are now taught by high school teachers at salaries of $2,000 a year or better. Ten are taught by public school teachers drawing $1,500 a year or less. So that the present cost of instructing these classes is around $25,000 a year.

If the junior high school could be staffed with public school teachers only—as continuation schools are—the cost of teaching these pupils would drop to $22,500 a year, or less.

If, however, the creation of the junior high school entails—as suggested by the proposal of the secondary school teachers — the employment exclusively of qualified high school assistants, the cost of instruction for the same number of pupils would jump to $30,000 a year.

With a surplus of secondary school teachers, naturally that branch of the profession is anxious to monopolize the new line of work. This, in turn, would involve the displacement of public school teachers now handling fourth book classes; and right now there is already a surplus also of public school teachers.

Lose Sight of Purpose

Under more favorable conditions, the junior high school might have much to commend it. Its strong point is that it affords a sort of testing ground where capable teachers can help pupils to study and determine their individual capacities, with a view to routing them for the trades and professions for which they are best adapted. Admittedly, something of this sort is needed; it would ultimately eliminate a lot of misfits who are clogging our educational institutions.

The danger is that the junior high school would speedily lose sight of this important purpose; and would become merely one more link in the chain of educational institutions between the kindergarten and the university. It would be one more unit, one more organism. The tendency of organisms of that sort is to grow, to take on all sorts of excrescences. And these excrescences are expensive.

Under existing conditions, the municipalities should be interested in details of the project and particularly details with regard to its financial significance. Bearing in mind the peculiar propensity of the educational authorities to confront them, not with a proposition for discussion but with a fait accompli, municipal administrators will be well advised to keep on the alert, and to insist on the new proposal being studied in the full light of day, before the taxpayers are committed to it.

Silver Anniversary Messages

THE STAR
Sudbury

"The Financial Post, recognized as one of Canada's leading authorities on business matters, has just celebrated its silver anniversary by publishing a special edition in which are reproduced the messages of 65 of the leading business men of Canada. The quotations represent a typical cross-section of opinion in all branches of the business world—banking, politics, railroading, stock trading, manufacturing, merchandising, mining, industrial development and finance.

"While the tenor of the great proportion of these pronouncements is optimistic, the careful reader cannot fail to observe the wide divergence of views that this valuable collection of opinion represents, while many admit their inability to forecast the future in any respect. The self-confessed 'utter inability' of Mr. Montague Norman, governor of the Bank of England, to look beyond the present chaotic conditions is apparently shared by business men everywhere."

THE BEACON-HERALD
Stratford

"The Financial Post, one of the many excellent papers coming from the MacLean Publishing Co., in Toronto, marked its 25th birthday. It is a good paper, so good that it has rather walked away from its competitors in the field of business and finance.

"It is not a paper of 'big business interests' in the carelessly accepted meaning of that term. There are occasions, yes, many of them, when its open rebuke is directed at those in high places.

"The Post never has any pet scheme to promote; it presents facts on investments and trusts its readers to have sufficient brain power to make their own decisions.

"In its 25th anniversary number there were many leaders in business who stated over their own signatures that we had scraped bottom in poor business days; they assured us we were even now making a bit of headway.

"The Post is one of the many children in the Maclean family of publications. It must be a matter of satisfaction to Col. John Bayne Maclean and the able executives associated with him to see publications attaining and passing the age of maturity, leaders in their field and performing worthy service."

THE RECORDER AND TIMES
Brockville

"The twenty-fifth anniversary of the establishment of The Financial Post, that weekly publication which is so widely circulated throughout the Dominion and elsewhere, has been marked by the issue of a special number devoted to its history and including a symposium of opinion concerning the business outlook of the country.

"Throughout all the years of its existence, The Financial Post has rendered consistently valuable service to the investing public and the country as a whole by furnishing accurate information concerning its business enterprises and assuming a thoroughly independent outlook in regard to affairs in general.

"Its readers and well-wishers, so numerous wherever Canadian affairs are discussed, will unite in extending their congratulations to its publisher, Colonel J. B. Maclean, and in expressing the hope that The Financial Post may continue to appear for many more years in all of the usefulness and power which it now possesses."

THE EXAMINER
Barrie

"Celebrating its silver anniversary, The Financial Post last week published a special number, the main feature of which was a survey of the present situation by 67 leaders of business. On the whole these opinions expressed confidence in the outcome.

"The Post is an enterprising journal serving well its readers, who are mainly business men and investors. It is thoroughly independent in tone and gives leadership that is constructive, at the same time providing an immense amount of information that is of great value to those wishing to keep closely in touch with the trend of business.

Mining Stock Quotations

Week Ending November 21

Par Val.	Range 1932 High	Range 1932 Low	Company	Sales	Close Nov. 14 (or last)	High for week	Low for week	Close Nov.21
1	.06	.03	Abana	2,900	.04½	.04½	.03	.03
1	.03	.00½	Aconda	1,500	.01	.00¾	.00½	.00½
No	.15	.15	Aldermac	......	.15	.....	.....	.....
No	.20	.03¾	Algoma	14,300	.04½	.04½	.03¾	.03¾
1	.09	.00¾	Alexandria	8,500	.02	.02	.01¼	.01¾
1	.01½	.00¼	Algonquin	5,000	.00½	.00½	.00½	.00½
1	.01¾	.00¼	Amity C.	......	.00¾	.....	.....	.....
No	.36	.06	Amulet	2,340	.19	.20	.18	.18½
1	.00½	.00¼	Apex	......	.00¾	.....	.....	.....
1	.04	.01	Area	1,000	.02¼	.02½	.02½	.02½
No	.03½	.00¼	Arno	18,000	.02	.02½	.02	.02¾
1	.70	.65	Ashley Gold	1,500	.....	.70	.65	.70
1	.02¾	.02	Astoria Rouyn	......	.02¾	.....	.....	.....
1	.07	.01	Bagamac	1,500	.02½	.02	.01	.02
1	.01½	.00½	Baldwin	......	.01	.....	.....	.....
1	.12	.03	Barry Hollinger	21,350	.05	.06½	.04	.06¾
No	1.45	.30	Base Metals	1,950	.94	.80	.70	.70
No	.12	.01	Bidgood	38,700	.01¾	.01½	.01¾	.01½
1	.21	.04	Big Missouri	3,900	.15	.14½	.12	.14½
1	.11½	.02	Bobjo	26,400	.09¾	.09¾	.08½	.09
1	.23	.02½	Brett Trethewey	6,000	.15½	.15	.14	.15
No	.03	.00¾	Brownlee	2,000	.01¾	.01½	.01½	.01½
1	.01	.00¼	Buckingham	......	.00½	.....	.....	.....
No	.36	.02	Buffalo Can.	2,000	.02½	.02½	.02½	.02½
No	.04	.01	Bunker Hill	1,500	.02½	.01½	.01¾	.01¾
5s	1.03	.10	B'Wana McKubwa	......	.80	.....	.....	.....
No	.01	.00½	Cal. Flin Flon	......	.01	.....	.....	.....
No	.04	.02	Canam Metals	......	.02	.....	.....	.....
1	.04	.01¾	Can. Kirkland	38,700	.02½	.03½	.02½	.02¾
1	.09	.00¾	Canusa	18,500	.04	.04¾	.03¾	.04¾
No	.02½	.00¼	Capital Rouyn	19,000	.00½	.00½	.00¾	.00½
1	.07	.02½	Cartier Malartic	......	.03¾	.....	.....	.....
1	.21½	.09	Castle Trethewey	21,100	.15½	.21	.16	.20
1	.09¾	.04	Cen. Manitoba	600	.06	.06	.05	.05
1	.17	.02	Cen. Patricia	13,725	.16½	.15	.12	.12
No	.07½	.01¾	Chibougamau Pros.	500	.05	.04¾	.04¾	.04¾
No	.02	.00¾	Clericy	3,500	.01	.01¾	.01	.01¾
5	5.00	.45	Coast Copper	450	3.00	2.75	2.50	2.50
1	.02¼	.00⅛	Cobalt Contact	......	.01¾	.....	.....	.....
No	.16	.15	Cobuc	......	.15½	.....	.....	.....
1	.14	.03	Columario	17,500	.11	.10⅞	.08½	.09½
5	2.00	.69	Coniagas	......	2.00	.....	.....	.....
No	.50	.23	Coniaurum	1,150	.25	.32	.25	.29
25	102.00	25.00	Cons. Smelters	796	73.00	72.62	67.00	67.50
No	13.80	9.00	Dome Mines	11,396	12.65	13.80	12.75	13.25
No	.10	.02	Dom. Explorers	5,000	.04	.04	.03½	.04
.	.00¾	.00½	Dominion Kirk.	......	.00½	.....	.....	.....
1	.04	.00¾	Don Rouyn	7,000	.02	.02	.01½	.01½
.	.04	.02½	Duparquet	1,000	.02½	.02½	.02½	.02½
1	1.60	.76	Eldorado	9,855	1.32	1.32	1.24	1.25
No	2.40	.47	Falconbridge	3,210	1.90	1.90	1.75	1.80
1	.04	.00¾	Federal	1,000	.01	.01	.01	.01
No	.00½	.00¼	Flintoba	......	.00¾	.....	.....	.....
No	.07	.00½	Gem. Lake	......	.01¾	.....	.....	.....
1	.03	.00¾	Goldale	1,000	.01½	.02	.02	.02
10	.24	.05¼	Goldfield	......	.22	.....	.....	.....
1	.00½	.00¼	Gold Hill	1,000	.00½	.00¼	.00¼	.00¼
1	.04	.02¾	Goodfish	2,000	.03	.03	.03	.03
1	.03¾	.00¾	Graham	......	.01¼	.....	.....	.....
1	1.25	.50	Granada	15,225	.82	.89	.79½	.85
1	.22	.05	Grozelle	......	.05	.....	.....	.....
1	.03½	.01	Harker	......	.02	.....	.....	.....
1	.01¾	.00⅛	Hilltop	1,500	.00¾	.00¾	.00¾	.00¾
5	5.80	4.25	Hollinger	16,212	5.35	5.70	5.00	5.50
1	.72	.26	Howey Gold	13,345	.57	.59	.54	.58
No	5.30	.92	Hudson Bay	2,089	4.20	4.30	4.00	4.10
No	.36	.13	Huronian	2,420	.30	.36	.30	.36
No	13.50	4.00	Int. Nickel	15,207	9.87	10.25	9.50	9.87
1	.01⅛	.00½	Jackson Manion	......	.00¾	.....	.....	.....
1	.25	.19	Keeley	740	.20	.24	.20	.24
1	.02¾	.00½	Keora Mines	27,325	.01¾	.02	.01¼	.01½
1	.70	.40	Kirk. Hud. Bay	3,800	.50	.50	.41	.50
1	.02¼	.00½	Kirk. Hunton	1,000	.00½	.00½	.00½	.00½
1	.55	.19	Kirkland Lake	13,550	.26	.33	.26	.30
1	.03¼	.00½	Kirkland Premier	3,800	.01¼	.02¾	.01½	.02¾
1	.15½	.05	Kirk. Townsite	1,000	.13	.12½	.12	.12
20c	.01¾	.00½	Koot. Florence	......	.00½	.....	.....	.....
1	.01½	.00¾	La Rose	......	.01½	.....	.....	.....
1	.41	.10	Lakeland	......	.10	.....	.....	.....
.	.29	.10	Lake Maron	100,300	.17	.28	.19	.22
1	31.95	24.90	Lake Shore	17,846	29.70	31.95	29.00	31.50
1	.00½	.00½	Laval	......	.00½	.....	.....	.....
1	.07	.01¾	Lebel Oro	500	.01	.01½	.01½	.01½
1	.41	.13	Macassa	29,800	.18	.20	.18	.19½
1	.07	.02½	Malartic	24,500	.04¾	.05	.04	.04¾
1	.04	.00¾	Malrobic	74,500	.01½	.02	.01¼	.01½
No	.08	.02	Mandy	......	.04	.....	.....	.....
No	.02	.00½	Manitoba Basin	6,000	.01¾	.01¼	.01	.01¾
5	24.25	14.70	McIntyre	44,886	19.60	24.25	19.45	24.00
1	.35	.25	McKinley	100	.30	.33	.33	.33
No	.09¾	.02¾	McLeod River	30,000	.03¼	.03½	.03	.03¾
No	1.85	.58	Mining Corp.	1,125	1.30	1.33	1.20	1.30
1	.08½	.01⅛	Moffatt Hall	4,500	.01¾	.02	.01½	.02
1	.02¾	.02	Moneta	......	.02	.....	.....	.....
1	.45	.19½	Moss	12,300	.23	.24½	.20	.23
1	.02½	.00¾	Murphy	14,000	.00¾	.00¾	.00¾	.00¾
No	.06½	.01	Newbec	10,850	.06	.06	.05	.05¾
5	1.48	.50	Nipissing	3,981	1.14	1.20	1.10	1.10
No	23.25	12.50	Noranda	21,883	20.15	21.35	20.00	21.00
No	.39	.10	Nor. Canada	6,500	.29	.30	.28	.30
No	.01	.00¼	Old Colony	2,000	.00¼	.00¼	.00¼	.00¼
1	.09	.05	Osisko	2,000	.05	.06	.06	.06
1	.17	.07	Parkhill	8,100	.08½	.14	.11½	.12
1	.13¾	.11	Patricia Dent	......	.13	.....	.....	.....
1	.02	.01	Pawnee Kirk.	......	.01½	.....	.....	.....
No	1.25	.35	Pend Oreille	400	.68	.68	.68	.68
1	.01¾	.00½	Peterson Cobalt	1,000	.00¾	.00¾	.00¾	.00¾
1	4.75	3.00	Pioneer Gold B.C.	8,045	4.10	4.75	4.15	4.70
1	.00⅞	.00½	Porcupine Crown	......	.00⅝	.....	.....	.....
1	.02	.00⅝	Potter Doal	4,000	.00⅝	.00⅝	.00½	.00½
1	.12	.12	Powell Rouyn	......	.12	.....	.....	.....
1	.75	.32	Premier Gold	2,000	.62	.62	.61	.61
1	.00⅞	.00½	Preston E. Dome	......	.00⅞	.....	.....	.....
No	1.18	.15	Prospectors A'r's.	29,800	1.00	1.12	1.00	1.10
No	1.00	1.00	Quebec Pros.	......	1.00	.....	.....	.....
No	.10	.03	Quemont	......	.04	.....	.....	.....
1	.02¾	.00½	Ribago	35,000	.01¾	.01⅞	.01	.01
1	.02¾	.01	Ritchie	40,000	.01¾	.01	.01	.01
1	.02¾	.00½	Robb Montbray	......	.01	.....	.....	.....
1	.70	.25	San Antonio	5,919	.58	.66½	.56	.65
1	.08	.07½	Seven Troughs	......	.07½	.....	.....	.....
1	.77	.18	Sherritt Gordon	10,480	.49	.47	.40	.43
1	1.00	.50	Siscoe	31,005	.83	.85	.78	.83
1	.07	.00½	South Keora	45,500	.05	.07	.05	.06½
No	.02¾	.00½	Stadacona	13,000	.01¾	.01¾	.01⅝	.01⅝
1	.17	.05	St. Anthony	......	.06	.....	.....	.....
No	.90	.16	Sudbury Basin	2,400	.62	.60	.53	.55
1	.02¾	.00⅝	Sudbury Contact	......	.02½	.....	.....	.....
1	.01	.00⅝	Sudbury Mines	7,500	.00½	.00½	.00½	.00½
1	.22	.07	Sullivan	8,850	.14	.15	.14	.14½
1	.87	.39	Sylvanite	17,250	.70	.74	.67	.72
1	.07	.01	Tashota	39,000	.02¾	.02¾	.02½	.02¾
1	5.25	3.05	Teck Hughes	35,620	3.32	3.50	3.30	3.40
1	.07½	.02	Thom Cadillac	2,000	.02¼	.05	.04	.05
1	.40	.10	Towagmac	300	.17	.20	.20	.20
1	3.00	1.01	Treadwell	500	1.05	1.10	1.10	1.10
1	.09½	.02	United Kirkland	......	.05	.....	.....	.....
1	.12	.00½	Vacuum Gas	105,800	.08½	.08¼	.07	.07
No	1.10	.16	Ventures	27,325	.72	.74	.68	.73
1	.18	.04	Vickers	3,500	.13	.13	.12	.12
1	.45	.20	Vipond	4,120	.22	.24	.20	.24
No	1.01	.25	Waite Ackerman	100	.50	.40	.40	.40
1	.08	.01	White Lake	......	.04	.....	.....	.....
1	.01	.00½	Wiltsey Coughlan	500	.01	.01	.01	.01
.	.10	.04¾	Wood Kirkland	......	.05	.....	.....	.....
No	3.15	2.09	Wright-Hargreaves	24,220	2.88	3.08	2.85	3.00

OIL STOCKS

Par Val.	Range 1932 High	Range 1932 Low	Company	Sales	Close Nov. 14 (or last)	High for week	Low for week	Close Nov.21
No	.19	.07½	Acme Gas & Oil	13,900	.11½	.11⅞	.10	.10
1	1.17	.60	Ajax	675	.80	.75	.70	.70
1	.18	.04½	Alta. Pacific	......	.08	.....	.....	.....
1	.03½	.02	Askalta	......	.03½	.....	.....	.....
No	.20	.02	Associated	200	.07½	.07	.07	.07
No	.09	.01	Baltac	2,500	.02	.02¾	.02½	.02½
.	.05½	.00½	Benton	......	.00½	.....	.....	.....
1	.05	.02½	Brit. Dominion	......	.03½	.....	.....	.....
No	.60	.14	Calgary & Ed.	5	.35	.40	.40	.40
1	.15	.04	Calmont	......	.05	.....	.....	.....
1	.14	.03	Common. Pete.	......	.06	.....	.....	.....
No	.40	.05½	Dalhousie	250	.20	.20	.20	.20
No	.01	.01	Devenish	......	.01	.....	.....	.....
No	.02	.00½	Dome Oil	......	.00½	.....	.....	.....
No	.16	.04	East Crest	500	.07	.06	.06	.06
No	.01½	.01⅛	Fabyan Pete.	......	.01½	.....	.....	.....
No	.25	.05	Foothills	......	.15	.....	.....	.....
No	.03½	.02	Freehold	......	.02	.....	.....	.....
1	.02	.00½	Great West	......	.00½	.....	.....	.....
No	.06¼	.03	Hargal	......	.03	.....	.....	.....
No	.05	.02	High Sarcee	......	.02	.....	.....	.....
No	.85	.18	Home	200	.34	.40	.35	.35
No	.05	.01½	Homestead	......	.01½	.....	.....	.....
1	.50	.09	Homestead O. & G.	108,200	.19½	.22	.18	.19
1	.01	.00¾	Illinois Alberta	......	.00¾	.....	.....	.....
No	.02½	.00¼	Lethbridge	......	.00¼	.....	.....	.....
No	.10	.04	Lowery	......	.10	.....	.....	.....
No	.02	.00¾	Madison	......	.00¾	.....	.....	.....
1	.32	.05½	Mayland	......	.17	.....	.....	.....
No	.04	.01⅛	McD. Segur Ex.	......	.01½	.....	.....	.....
1	.04½	.01	McD. Segur N.	......	.01	.....	.....	.....
1	.50	.18	McLeod	......	.18	.....	.....	.....
No	.10½	.06½	Mercury	......	.07⅛	.....	.....	.....
No	.22	.04½	Merland	1,100	.12	.16	.15	.15
No	.15	.08½	Mill City Pete.	......	.08½	.....	.....	.....
1	.20	.12¼	Model	......	.13	.....	.....	.....
1	.05	.04	Monalta	......	.05	.....	.....	.....
1	.07	.03	Moose Mountain	......	.03	.....	.....	.....
1	.01	.01	New Federal	......	.01	.....	.....	.....
5	.14	.01	Nordon	7,500	.09¾	.09¾	.08¾	.08¾
No	.06	.02	Oil Selection	6,100	.04	.04	.03⅝	.03⅝
No	.05	.02½	Okalta	......	.03	.....	.....	.....
100	15.00	15.00	Do., pref.	......	15.00	.....	.....	.....
No	.32	.09	Olga Gas & Oil	1,400	.19	.19	.17½	.17½
No	.20	.02	Penn. Pete	312,750	.13	.12½	.05	.07
No	20.00	20.00	Perfection Pete. pref.	....	20.00	.....	.....	.....
1	.28	.12	Petrol Oil & Gas	1,000	.15	.15	.15	.15
No	.14	.08	Ranchmen's	......	.09	.....	.....	.....
1	.01	.00¾	Regent	......	.01	.....	.....	.....
No	.02½	.01	Richfield	......	.01	.....	.....	.....
No	9.85	3.95	Royalite	690	9.00	8.90	8.00	8.00
1	.29¾	.05	Sarnia Oil	8,200	.11	.11	.08	.08¾
1	.03	.01	Signal Hill	......	.01	.....	.....	.....
No	.12	.05	South West Pete.	1,500	.05	.09	.06	.06
1	.20	.10	Spooner	......	.15	.....	.....	.....
No	.21	.05½	Sterling Pacific	......	.12	.....	.....	.....
1	.11	.07½	Turner Valley	......	.07½	.....	.....	.....
No	.08	.03	United	......	.03	.....	.....	.....
1	.09½	.03	Vulcan	......	.03	.....	.....	.....
No	.02¾	.00½	Wainwell	6,500	.01½	.01¾	.01	.01

VANCOUVER STOCK EXCHANGE
(Transaction for Week to November 15.)

Par Val.	Range 1932 High	Range 1932 Low	Company	Sales	Close Nov. 14 (or last)	High for week	Low for week	Close Nov.21
25c	.00¾	.00½	Bayview	......	.00¾	.....	.....	.....
20c	.05⅛	.02¾	Beaver Silver	1,000	.02½	.02¾	.02¾	.02¾
25c	.04	.01	Bluebird	......	.01	.....	.....	.....
No	.81	.50	Bralorne	1,586	.65	.66	.60	.63
1	.12	.04	Bridge River Cons.	17,000	.04⅞	.04½	.04	.04
25c	.01½	.01	Cork Province	......	.01	.....	.....	.....
1	.13	.02	Cotton Belt	......	.02	.....	.....	.....
1	.01½	.01½	Dalhousie Mines	......	.01½	.....	.....	.....
1	1.00	.15	George Copper	200	.50	.50	.50	.50
50c	.02	.01	Geo. Enterprise	......	.01	.....	.....	.....
1	.05	.01	Georgia River	15,650	.03⅛	.03	.02½	.03
1	.35	.10	Golconda	......	.18	.....	.....	.....
50c	.08	.02	Grandview	4,250	.03¾	.04	.03½	.03½
1	.01	.00¾	Independence	......	.00¾	.....	.....	.....
1	.01½	.01	Indian Mines	......	.01	.....	.....	.....
1	.15	.08	Inter. Coal	......	.15	.....	.....	.....
1	.21	.21	Jack Waite	......	.21	.....	.....	.....
25c	.00¾	.00¼	Kootenay King	......	.00½	.....	.....	.....
10c	.04	.01	Lucky Jim	......	.01½	.....	.....	.....
5c	.12	.04	Metaline Metals	......	.06	.....	.....	.....
1	.03	.00½	Morton Woolsey	......	.01¾	.....	.....	.....
50c	.03¾	.00½	National Silver	......	.01¾	.....	.....	.....
50c	.08½	.02	Noble Five	13,700	.02⅞	.03½	.03	.03¾
50c	.01	.00½	Oregon Copper	......	.00⅝	.....	.....	.....
1	4.60	3.00	Pioneer Gold	1,875	4.20	4.20	4.00	4.00
50c	.08½	.02	Porter Idaho	......	.04½	.....	.....	.....
No	.01	.00¾	Premier Border	......	.00½	.....	.....	.....
No	.35	.07½	Reeves McDonald	500	.18	.20	.20	.20
1	.63	.21½	Reno Gold	4,500	.59	.61	.57½	.61
1	.02½	.01	Rufus Argenta	......	.01⅞	.....	.....	.....
1	.05	.02	Ruth Hope	......	.02	.....	.....	.....
1	.05	.02¾	Silverado	......	.05	.....	.....	.....
25c	.02½	.01	Silver Crest	......	.01	.....	.....	.....
50c	.02⅝	.00½	Snowflake	......	.00⅝	.....	.....	.....
1	.79	.25	Sunloch	100	.25	.25	.25	.25
.	.06	.06	Vanalta Oils	800	.....	.06	.06	.06
20c	.02½	.01	Wellington	......	.01	.....	.....	.....
1	.06½	.00½	Whitewater	......	.04	.....	.....	.....

DIVIDEND PAYERS

	Rate	Yield %		Rate	Yield %
Ajax Oil	12c.	.....	Petrol Oil	1c.	.....
Coniaurum	3c.	.....	Premier	12c.	19.67
Dome Mines	$1+10c.	8.30	Pioneer, B.C.	12c.	2.55
Hollinger	65c.+10c.	13.61	Royalite	$1.50	.....
Howe Sound	40c.	.....	Siscoe	3c.	.....
Lake Shore	$2+$1	9.52	Sterling Pac. Oil	2½c.	.....
McIntyre	$1.50	6.25	Sylvanite	4+1c.	.....
McLeod Oils	5c.	.....	Teck Hughes	60c.	17.64
Merland Oils	2½c.	.....	Wright-Har.	10+2½c.	4.16
Noranda	$1.10	.....			

SMALL OPERATORS WANT GOLD PREMIUM

Vancouver Miners Protest to Chamber of Mines Seeking Adjustment

From Our Own Correspondent

VANCOUVER. — Objection to the present policy of the Dominion government in not allowing payment of the premium on small amounts of gold at the Vancouver assay office is being voiced by the British Columbia chamber of mines.

It is pointed out that in many instances where the prospector has only three or four ounces of gold to sell, it is not worth exporting, as bank charges make it unprofitable. As a result, they claim, gold is being "bootlegged" into the United States, resulting in loss to Vancouver.

Under present conditions no amount less than $5,000 will be accepted by the Dominion mint at Ottawa, and it is obviously impossible for small producers to ship to the federal capital on that account.

Small producers object to operate through the banks because they claim it means excessive cost and delay in obtaining permits.

"An actual instance was of a Vancouver prospector who, after several months in the hills, returned with 15.03 ounces of gold dust, valued at $238.98 in Canadian currency," stated Frank E. Woodside, manager of the chamber of mines. "Wishing to take advantage of the premium, he placed the matter in the hands of his bank. That was in September 3 last year. It was not until exactly two months afterward that he received notice from the bank that his account was credited for the amount of gold sold, plus premium of ten per cent, less bank's commission for handling, amounting to $5.50 and shipping charges of $1.20.

Directors of the Chamber of Mines believe that it would not be costly for the government to authorize payment of premium in Vancouver.

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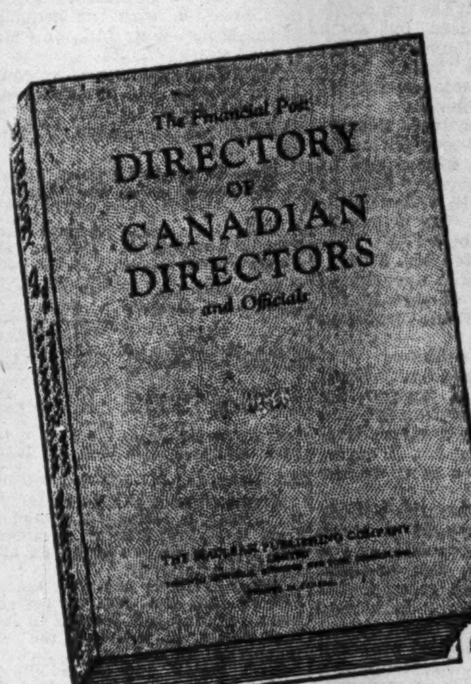

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Canadian Mining News

NORANDA TO PAY 60 CENT DIVIDEND 1932 TOTAL $1.10

New Concentrator Unit Comes Into Action—Output Quickens

At a meeting of the board of directors of Noranda Mines held in Montreal on November 18 a dividend of 60 cents per share was declared payable in U. S. funds on December 21, 1932, to shareholders of record December 3.

This is the second dividend disbursement to be made this year, the first having been paid on June 30, at the rate of 50 cents per share in United States funds. The dividend just declared will bring the total disbursement up to $1.10 per share in United States funds, equivalent to $1.26 per share in Canadian funds, calling for the distribution of $2,463,149 in United States funds on the 2,239,772 common shares outstanding.

The nine months statement of estimated earnings showed the equivalent of $1.26 per share or exactly the equivalent, in Canadian funds, of the dividend announced.

Gold About $500,000 Monthly

The company's gold production is known to be at a high level—approximatey $500,000 per month, but in the absence of official returns by the company the statement of gold production by the Quebec Department of Mines gives but little clue as to the actual figures. In the nine months ended September 30, 1932, Quebec's gold production was valued at approximately $6,500,000. At the same time the copper output was shown at 31,776,830 lbs. This doubtless referred to refined copper output as Noranda reported 45,301,442 lbs. for the nine months' period or approximately 50 per cent more than was reported by the Quebec Government. This is explained by Noranda reporting the copper anodes produced while the Quebec government reports the refined copper produced by the Canadian Copper Refineries, Noranda's refining subsidiary at Montreal East. It is inferred from these figures that since Noranda's gold output is locked up in its copper anodes that the gold production figures by the Quebec Department of Mines may be substantially on the low side, corresponding with the refined copper production figures.

Concentrator Nearing Completion

At any rate Noranda's production of both copper and gold is slated for an increase in the next few months. The 500 ton unit of the 1,000 ton concentrator enlargement under way has just been brought into production, making the total concentrating capacity of Noranda 1,500 tons daily, which will be brought up to 2,000 tons daily early in 1933 when the expansion programme is completed.

The new concentrator addition will double the previous capacity, but will not necessarily double the gold output, and may not materially increase the copper production. The added facilities will permit of treating increasing quantities of the lower grade copper ore high in gold content, and as a consequence gold production may be expected to increase about 30 per cent, while net profits are expected to increase almost to the same extent without a change in copper prices.

Cyanidation Added

Experiments in the cyanidation of concentrator tailings, which have been conducted in the company's laboratories have proven favorable and it is now planned to add a 500 ton cyanide unit to the flow sheet in anticipation of materially increasing the gold extraction.

Sines the tailings from the 2,000 ton concentrator may be about 1,500 tons daily it is apparent that these tailings will be further concentrated before cyanidation. At present cyanidation experiments are in the nebulous stage and will be added to the flow sheet in gradual stages as results dictate. The 500 ton unit is the ultimate objective for the 2,000 ton concentrator.

Lake Shore's 50 Cent Bonus Now Regular

Conforming with its announced intention, directors of Lake Shore Mines declared a bonus of 50 cents per share in addition to the regular quarterly payment of 50 cents per share, both payable December 15, 1932, to shareholders of record December 1. This brings the total disbursement for 1932 to $3 a share and conforms with the policy of paying a 50 cent bonus every six months in addition to the present rate of $2 per share annually.

Production remains at high levels with the average monthly recovery of slightly over $1,000,000 in addition to which there is the exchange compensation adding approximately $150,000 at current rate of premium on U. S. funds. Production for the three months ended September 30, amounted to $3,023,924 from 204,645 tons of ore treated. This is equivalent to an average recovery of $14.78 per ton from an average daily milling capacity of 22,024 tons.

Quebec Gold Output Declines in October

Quebec gold production for October as reported by the Bureau of Mines, showed a decline as compared with the average for the ten months of the year. This is partially explained by the Noranda production, the principal output being locked up with the blister copper shipments to the Canadian Copper Refineries for electrolytic refining. Following is a tabulation of mineral production for October, September and the total to October 31, 1932.

Quebec Mineral Production

	Oct. 1932	Sept. 1932	To Oct. 31 1932
Asbestos, tons	13,232	11,001	94,347
Gold, oz. ...	29,269	34,204	343,190
Silver, oz. ...	53,105	58,578	539,432

METAL PRICES

New York—November 22:
Copper: Electrolytic spot 5⅝ to 5½c. lb.
London—November 22:
(Long Ton):
Copper: Electrolytic spot, £36 10s.; future, £37 10s. Standard spot, £32; future, £32 2s. 6d.
Tin: Spot, £153 10s.; future, £154 10s.
Lead: Spot, £11 17s. 6d.; future, £12 5s.
Zinc: Spot, £15 7s. 6d.; future, £15 10s.
Silver: 18⅛d. per ounce.

Teck-Hughes Deep Work Shows $9.32 Grade Ore Shareholders Are Told

Ore From 30th to 40th Levels Does Not Warrant Uneasiness

DIVIDENDS SAFE

Directors Not Disposing of Shares—Depressed Market Due to Bear Operations

Before a large and harmonious meeting of Teck-Hughes Gold Mine shareholders held in Toronto, November 21, Albert W. Johnston, chairman of the board of directors of the company, appraised the company's present position and possibilities.

Some 2,348,448 shares were represented in person or in proxy at the meeting and the first order of business was to pass without discussion the annual report and re-elect the existing board of directors which includes Albert W. Johnston, chairman; John F. Thompson, Kintzing P. Emmons, of New York; George C. Miller, Conrad E. Wettlaufer, William W. Reilley, of Buffalo; John F. Lash, Victor Ross and D. L. H. Forbes, of Toronto.

The item in the financial statement showing $30,000 premium on shares was explained by D. L. Forbes exercising an option and taking up 10,000, $1 par value shares at $4. Similar items appeared in the financial statement for the past three years.

Dividends to Continue

In the past shareholders were told that it has been the policy of the company to turn the ore underground into dividends as fast as possible, which policy is being continued.

The liquid assets of the company are in securities which have not depreciated in value, shareholders were told.

In response to a question as to the possibilities of dividends being maintained for four or five years as presaged at a meeting two years ago, D. L. H. Forbes, president of the company, expressed his belief that a dividend would be possible so far as he was able to judge from existing conditions.

Principal interest by the shareholders centred about the ore developments at depth, to which Mr. Forbes replied that the known ore was exhausted only to the tenth level and that the bulk of the production was now being taken between the tenth and the 25th levels. In that section of the mine between the 30th and 40th horizons, the partially developed ore was estimated at 3,338 lineal feet, averaging $9.32 per ton in gold bullion over a width of 8.6 feet. The 30th level was the lowest horizon to be practically fully developed and here the grade was averaging between $12 and $13 per ton. On the 35th level, 125 lineal feet of ore had been developed showing an average grade of $12.43 per ton over an average width of 12.4 feet.

Down 4,855 Feet

The sinking of the South Shaft extension has been carried to the 40th level, or a depth of 4,855 feet. Work on this lowest level has been too sketchy to permit the ore possibilities being appraised, but some rich ore has been found. No diamond drilling has taken place below this level but some horizontal drilling has been done.

The section from the twenty-fifth to the twenty-seventh levels, which was reported a year ago as being below mine average both as to tonnage and grade, under development has shown improvement. The ore developed below the thirtieth level, commented Mr. Forbes, did not warrant undue uneasiness. There has been no change in the geological structure unfavorable to ore deposition.

Have Sold No Shares

The sinking of the south shaft extension has been temporarily stopped while a connection is being made from it on the fortieth level to the bottom of the No. 2 winze, which is now almost down to the fortieth level.

In the past few months outside exploration has brought a large number of mining properties to the company's attention. Two of these properties have been selected for exploration and development is now proceeding. These are under option agreement while the third property has been staked by the company's prospectors and is being explored. All these properties are in Quebec.

Mr. Johnston gave assurance that he had not sold one share of his holdings in recent years nor had one share of the Dennison estate been disposed sold. Mr. Johnston said that he had not purchased any stocks recently for fear of the charge that he had been interested in depressing the market in order to sell his holdings. He commented on the stock market gyrations of the shares as follows:

"It is my personal opinion that considerable blocks of Teck-Hughes shares have been thrown on the market in months past through liquidation forced by the banks; either of their own holdings or collateral of customers. Every time the stock has shown a tendency to recover this selling has at once appeared. There has also been a good deal of day-to-day trading with the definite intention of unreasonably depressing the shares.

"There is no pool and has not been any pool operating in the stock for some years. In days like these some definite support must be accorded so widely held a stock as Teck-Hughes and if any group can be prevailed upon to take hold of the stock it should be given every support."

Two New Maps Cover Parts of North Quebec

Lying north of the rich gold area of Ontario and Quebec is a broad belt of fairly level clay land suitable for farming and the maintenance of a large agricultural population. Part of this area is included in two new map sheets named Abitibi and Taschereau just published by the Topographical Survey, Department of the Interior, at Ottawa.

Abitibi sheet includes the greater part of Lake Abitibi and extends into both provinces, the interprovincial boundary crossing it about midway. Lake Abitibi, which is approximately 45 miles long, covers about 300 square miles of the area mapped.

Considerable colonization has taken place in the last twenty years and the early clearings are developing into prosperous farms. Although in a good agricultural district, the local towns are enhanced in importance by the proximity of the great mining developments just south of them. Considerable prospecting is being done in localities covered by these two maps and some discoveries of ore have been reported. The future development of these areas, however, appears to be more wrapped up in agriculture than mining, but the mining towns and camps constitute an excellent market for all farm and garden produce, and this factor is an important one in fostering further colonization.

St. Pierre et Miquelon Minerals Examined

The French Minister of Colonies has dispatched a geologist to check up the mineral possibilities of the island of St. Pierre et Miquelon. Preliminary advice states that the report confirms the existence of a huge quantity of high-grade iron at Miquelon and the attitude of the French government toward development is being anxiously awaited.

NICKEL INCOME SHOWS INCREASE IN LAST QUARTER

After Writeoffs Loss Was $199,097 in Third Quarter

The feature of the quarterly report of International Nickel Co., covering the three months ended September 30, 1932, was the big gain in operating income shown at $612,663 as compared with $204,211 in the previous quarter. After the usual liberal reserves for depreciation a net loss of $199,097 was shown as compared with a net loss of $292,353 for the previous quarter and a net profit of $536,072, in the first quarter of the current year. This brings the net loss for the nine months ended September 30, 1932, to $292,353 as compared with a net profit of $4,005,857 for the nine months ended September 30, 1931.

Indications are that the increased earnings for the company were partly attributable to liquidated inventories, which on September 30, stood at $22,064,871 as compared with $22,477,606 on June 30. The inventory accounts also indicate that production is being kept in tune with consumption. Curtailment in production became further effective on July 30 last when operations were reduced about 30 per cent. The electrolytic department at Port Colborne, Ont., was closed down for a period of three months as was the output from the Coniston smelter and the Garson and Creighton Mines, near Sudbury. Although it was planned to resume operations at these properties on November 1, general conditions dictated that operation be further deferred.

Liquid Assets Higher

An interesting angle of the balance sheet was the increase in cash, accounts receivable and securities, by over $1,000,000 from the figure shown on June 30 last. The total of liquid assets, including inventories, was $28,977,335 on September 30 as compared with $28,754,128 on June 30. The increase is attributable to the proceeds from the sale of £186,000, 5½ per cent mortgage debenture stock sold and paid for at 101 on September 15, 1932, in connection with the acquisition of the Monel-Weir Ltd., on October 1, 1932, for £192,178.

Following is comparative consolidated income and surplus account for the three months' and nine months' periods ended September 30.

Cons. Income and Surplus Account For Periods Ended Sept. 30, 1932

	3 Mos. $	9 Mos. $
Earnings	871,689	3,107,576
Adm. & gen. exp.	224,132	758,263
Prov. for taxes	39,956	132,831
Net oper. inc.	607,601	2,216,482
Other inc.	5,062	26,226
	612,663	2,242,708
Deprec. and depl.	729,987	2,281,237
Int. paid and accr.	81,773	253,824
Net loss	199,097	292,353
Pref. divids.	483,475	1,450,435
Loss for period	682,572	1,742,788
Prev. surplus	15,697,598	16,757,814
Bal. forward	15,015,026	15,015,026

Accompanying the financial statement was a letter to shareholders from Robert C. Stanley, president of the company, commenting on affairs in part as follows:

"Your company has good reason to believe that the overdue revival in home building will become an important factor in reviving the metal industries. In due course, nickel and 'Monel Metal' and other alloys of high nickel content should benefit largely.

"Significant of this development is the increasing attention which is being paid to metals in advertisements directed specifically to housewives. The public is being educated to the fact that the performance of washing machines, mechanical refrigerators, electrical heating units, kitchen sinks and table tops depends upon the materials which go into these household appliances, and a wide acceptance is being developed for bright metal surfaces which will not chip or crack, which are resistant to the corrosive action of food acids, and which are easily cleaned."

Keeley's Investments Are in Gold Stocks

At the annual meeting of shareholders of Keeley Silver Mines held in Toronto, November 21, it was announced that the company had about $300,000 available for investment. The company owns shares in several dividend paying gold mines which is its principal source of income now that the mine is closed down.

Maldistribution of Gold Retarding Trade Revival

Gold Importing Nations Have Received Large Monetary Increase Equal to Exporters' Loss—World's Gold Up—Gains One-sided

The maldistribution of gold, widely considered a major underlying cause of the present world crisis by some economists, has become intensified in the past three years, has made the problem of revival with trade and stabilization of currencies more difficult than ever, says the Wall Street Journal in a recent article.

This unequal placement of gold has occurred despite an increase of more than $1,400,000,000 in available stocks in the past three years, because a group of nine countries, mostly creditors, has absorbed all the new production, all releases from Indian hoards, and all recent exports from the United States. The chief losers have been debtors and producers.

Aside from these two groups there are 33 other countries with average holdings of $25,000,000 each who have not shared at all in the increase in monetary gold, now at a peak of $11,670,000,000.

The question of how to redistribute this gold equitably and how to insure the gold standard from such undermining in the future remains unsolved, continued the New York Journal, which further comments on the situation as follows:

Stocks of gold available for monetary use, now in the hands of central banks and governments, increased $134,000,000 during September to $11,670,000,000, the highest total in history, according to preliminary estimates of the Federal Reserve Board. The total at the end of August was the previous record, the high prior to that having been touched at the end of April at $11,487,000,000.

The increase in world gold reserves has been unusually rapid since the end of June when the total stood at $11,320,000,000, after being cut down by more than $150,000,000 in the preceding two months by the tendency toward hoarding which developed in most countries last spring. Since then, the gold has come back rapidly, and the increase in gold reserves has been aided by releases of metal from hoards in India, drawn out by the depreciation of rupee exchange. The gold flow out of India in the past year, since suspension of the gold standard in England, has amounted to more than $300,000,000.

Poor Distribution Accentuated

Despite this large addition to gold stocks, and despite the enormous outflow of gold from the United States during the nine months following the British action, gold is even more poorly distributed than in the first phases of the economic depression. Maldistribution of gold resulting from the settlement and aftermath of the war, is commonly considered a major cause of the collapse of commodity prices and undoubtedly will receive attention at the World Economic Conference next spring.

All of the major movements of metal in the past three years have resulted in further acquisitions of gold by the countries already holding a superfluity, except for the United States which shows a loss of some $262,000,000 in the three-year period. As shown in the following table, the nine largest gold holders have generally increased their holdings, while the second group, including countries formerly among the largest gold holders, has shown extremely heavy losses.

The table shows gold holdings of central banks and governments at the end of September, 1932, 1931 and 1929 (in nearest millions):

	Sept. 1932 $	Sept. 1931 $	Sept. 1929 $
Group 1			
United States	3,746	4,364	4,008
France	3,241	2,326	1,545
Great Britain	678	656	648
Switzerland	509	328	103
Spain	435	439	491
Netherlands	416	282	178
U. S. S. R.	368†	293	132
Belgium	364†	346	142
Italy	305	286	272
Total	*10,062	9,320	7,523
Group 2			
Argentina	249†	281	497
Japan	214	408	541
Germany	190	310	527
Canada	80†	83	77
Australia	41†	52	114
Brazil	0	0	151
Total	*$774	1,134	1,907
Total 2 groups	*10,836	10,454	9,430
Other countries	*834	821	831
Grand total	11,670	11,275	10,261

*Appropriate.
†August.

Largest Holders Absorbed All

Thus, the first group of countries, composed chiefly of importers, creditors or neutrals (except Russia) absorbed not only all new production, but also took all the gold lost by the second group, and all the gold lost by the United States in the period. The second is made up of the great raw material producing areas and several of the largest exporters and debtors. Russia, in the first group, gained largely through its own production. Spain shows a slight loss.

A further distinction between the two groups is that the second includes countries off the gold standard, except Germany, which is exercising strict control over its exchange. In the first group, all the countries remain on the gold standard except Great Britain, Spain which has long been off, and Soviet Russia which has never been on.

The largest gains have been made by the importing nations such as France, Belgium, Holland and Switzerland, the two latter also being "neutrals." Italy shows a slight gain, while England's increase is insignificant. The second group includes several countries which felt the brunt of the world depression before the rest of the world, especially Brazil, Australia and Germany.

Nations Average $25,000,000

Outside these two groups are 33 nations, including such important producers as Chile, Cuba, India, Mexico, Roumania and numerous South American countries and many manufacturers of Central Europe, which as a whole show no increase at all. Indeed, in view of the increase in the number of countries in the tabulation, they probably show a loss. Their average is but $25,000,000 each.

This intensification of the maldistribution of gold, itself both a cause and a result of the economic depression, has made more difficult the task of rehabilitating the gold standard and stabilizing currencies which must be accomplished before trade will revive, according to bankers and economists. For this reason they look with some disfavor upon continued gold imports into the United States which have amounted to more than $350,000,000 in the last four months, and are attempting to find some method whereby the gold standard can be restored with safeguards for its smooth operation in the future. The committee preparing the agenda for the World Economic Conference as well as the Bank for International Settlements and other organizations have been making efforts to evolve such a plan.

Canada Making Bid To Produce Diatomite

One of Canada's Little Known Mineral Resources Under Review

Number Two

Diatomite, also referred to as diatomaceous earth, kieselguhr and many other names, is a little known non-metallic mineral product of Canada that is winning wider interest now largely because of promotional activities to finance production in Canada.

The mineral is formed by the amorphous silica skeletons of minute dead organisms of flowering aquatic plants called algae or diatoms. The largest deposits known commonly occur as massive chalk-like beds. None of these is known in Canada however. The other type of deposit is of fresh water origin occurring under water or in bogs and swamps. All the known eastern Canadian deposits are of the fresh water type. These fresh water diatomite deposits are found as black muck in the bottom of swamps and lakes but when dried and calcined become a whitish substance resembling chalk, but much lighter in weight and much more porous. The lightness and inertness of the diatomite cells make the product valuable for filtration, insulation and a large variety of uses.

Found Many Places

The infallible test for diatomite is the microscope, which will at once reveal the presence of diatoms. Approximately 10,000 distinct species of diatoms have been recognized, named and tabulated, each differing from the other in size, form and design. It has been calculated that one cubic inch of diatomite contains from 40 to 50 million diatoms. Living diatoms occur all over the globe and are found in hot springs as well as the coldest waters, both salt and fresh but are in greatest abundance in the Arctic and Antarctic regions. The brownish or yellowish slime found on submerged weeds or on the bottom of ponds, still or stagnant waters, constitute masses of living diatoms. When the diatoms die they fall to the bottom of their habitat, where the organic parts decompose and the silica skeletons accumulate, forming beds of black muck, varying in thickness.

The development of the diatomite industry in Canada is not new. In 1896, diatomite production was first recorded in Canada. In Cape Breton and later near New Annam, Nova Scotia, there has been a recorded production since 1896, but 1931 was the peak year of production to date when 1,624 tons valued at $33,070 were reported by Canadian producers. The International Diatomite Industries control the most important known deposits in Nova Scotia and New Brunswick and from their New Annam deposits came the principal production, where operations were carried on throughout the year at its calcining pant. This company also worked spasmodically the deposits at Digby Neck, Nova Scotia.

Production in Ontario

British Columbia also has a small production from the deposits near Quesnel, owned by the B. C. Refractories Ltd.

Ontario also entered the ranks of the diatomite producers in 1931 when about 50 tons of the crude material were produced from deposits on the Muskoka River, a few miles south of Baysville.

Early in 1932 the Dominion Diatomite Co. completed erection of a small plant for the recovery of and the calcining of diatomite found in the swamps about eight miles west of Novar, Ont., in the Muskoka district. This plant has not operated commercially, beyond producing a few tons for test purposes.

The largest project under way to produce diatomite in Ontario is being undertaken by the Diatomite Products Ltd., which is building a plant at Martin's Siding, Ont. Construction has been proceeding for the past 3 years on a plant to treat 10,000 tons annually, and latest advice is that finances are expected to be available which will permit operations to start early in 1933.

Principally Imported

Diatomite imported in 1931 was 850 tons valued at $25,788. A greater portion of material was imported under miscellaneous items or as partially made-up products, totalling about 3,600 tons but the classification makes it difficult to interpret the details of imports.

In the past the principal imports have been from the United States, largely through deposits controlled by the Canadian Johns-Manville Co., and associated interests near Lompot, California, where large natural deposits occur in chalk-like beds.

The cost of transportation is the important item in the laid-down value of diatomite in Eastern Canada and although the diatomite produced from the fresh water swamps and lakes is said to be equal and in some cases superior to the California bedded deposits the imported product has dominated the market.

The demand for diatomite has been steadily increasing through diversified uses. While it is best known and most widely used in Canada for filtering and insulation, small quantities are used in the manufacture of tooth paste and various polishes. It is a necessary and important component of many articles and materials in every-day use. While it has a wide application, the aggregate tonnage consumed in Canada is not great. An important use, and one that promises to be an important outlet for production, is as an admixture in concrete. Subsequent research has shown, however, that the qualities imparted by a mixture of diatomite with concrete can be more cheaply obtained by other methods and its use is waning for this purpose.

Used For Wall Tile

One of the newest and largest potential uses of diatomite is for insulation in building construction. The minute cells offer great insulating capacity and an increasing demand is manifest for all manner of insulation purposes. A new development of comparatively recent origin is a mixture of diatomite with clay in the manufacture of hollow building tile. The diatomite, being extremely light in weight, imparts this characteristic to the tile. While its crushing strength is materially less than standard all-clay hollow building tile, it is more desirable for partition purposes where it is desirable to reduce floor weight.

While important uses have been found for diatomite, the commercial advisability of production in Canada has not been demonstrated. The present price in Canada varies from $25 to $35 a ton for lower grades to as high as $75 per ton for insulation and filtration grades and up to $200 per ton for small lots of material suitable for polishes.

PREFERENCES BOOST OUTPUT B.C. LEAD-ZINC

Copper Concentrates Remain in Uncertain Category

From Our Own Correspondent

VANCOUVER.—Although a certain section of British Columbia's copper industry is likely to suffer as a result of the application of Britain's new tariff preference because of its dependence on United States smelters, lead and zinc production will probably be increased substantially as a result of the Imperial Conference schedules.

Production at Consolidated Mining & Smelting Co. smelter at Trail is being stepped up in anticipation of larger orders from the United Kingdom and because of the slight rise in price of lead and zinc on the London market.

The position of Britannia remains uncertain, with the present outlook rather depressing. The latest interpretation of the British tariff order is that matte and blister copper treated in the United States may be given the four cent preference in Great Britain if the ore is produced in the Empire, but this benefit is not to be accorded to ore that is smelted in the United States. In the past all Britannia ore has been shipped to Tacoma, Wash., for smelting.

Britannia Marks Time

Tariff changes in Great Britain unsettled the metal situation in British Columbia for a while and Britannia's position is still unsettled pending further negotiations between Ottawa and London, but the condition of the lead and zinc schedules appears to be sufficiently definite to justify Smelters going ahead with its plans for increased production.

When J. J. Warren, president of Smelters, addressed the annual meeting last May he pointed out that very slight increases in the price of metals produced at Trail had an important effect on his company's profits because of the vast production. Since that time, prices for zinc have advanced nearly £2 and London quotations for lead have increased nearly £1.

Examination of Smelters ore receipts issued by the company for October show that 21,652 tons of ore were received as compared with an average of about 15,000 tons in the preceding four months. The advance has continued this month.

Granby operating at Anyox, is in a more favorable position than Britannia regarding its copper. The output at Anyox is chiefly blister copper which goes to New York for refining. Since it is smelted in Canada it will receive the British preference.

No Smelter for Coast

It is understood that one of the reasons for drawing the distinction between smelted ore and blister and matte is that there is no refinery south of the equator and that the important Rhodesian output of copper matte and blister is sent to New York for refining. If the British preference was not applicable to matte and blister it would shut out Rhodesia and be of relatively small value to Empire copper producers as a whole.

Prospect of establishing a smelter on this coast to handle Britannia's ore is not regarded as feasible under present economic conditions. If the metal market was generally higher, something along that line would probably be done. Suggested smelting of Britannia ore at Anyox, at Trail, and at the old smelter at Ladysmith, Vancouver Island, has also been rejected.

Huronian Investments Have Increased in Value

At a meeting of shareholders of Huronian Mining & Finance Co., held in Toronto, November 21, it was announced by André Dorfman, managing director of the company, that the value of its investment holdings had appreciated since the end of the fiscal year, March 31 last, to substantially more than cost.

The company operates principally as a holding and exploration company and has taken part in financing many syndicates but it has recently increased its holdings in Prospectors' Airways to about one-quarter interest. It has also underwritten the block of shares in the newly formed McWatters Gold Mines to finance one of the most interesting gold finds made in the Rouyn area in recent months.

In reply to an enquiry as to the present status of the company's subsidiary, Cooper Gold Mines, shareholders were informed that it is still under lease to John Knox, Jr., former manager of the company, who has an option to purchase 75 per cent or about 2,100,000 shares owned by Huronian Mining & Finance Co., for $135,500. This will leave Huronian about 700,000 shares if and when the deal is completed. Shareholders were told the Cooper operations have not proven very profitable and that while $55,000 had been paid on the option it had been extended indefinitely in a view to aiding the leasee.

NORTHERN CANADA REPORTS ON KENTY

Owns 575,000 of 1,500,000 Shares Issued to Vendors

Shareholders of Northern Canada Mining Corp. are in receipt of an interim report signed by J. B. Tyrrell, president of the company, outlining the company's interest in the newly formed Kenty Gold Mines and telling of the present status of developments.

In consideration of financing a prospecting programme by Kenty brothers, jointly with Brett Trethewey Mines and Northland Prospectors, the company received 575,000 shares out of the 1,500,000 vendors' shares issued by Kenty Gold Mines.

With the assistance of the Dominion and provincial governments a road 21 miles long has been completed to the property from Sultan, Ontario, on the Canadian Pacific Railway, which assures rapid and cheap transportation of supplies, machinery and equipment to the property. Equipment has been purchased and will be taken into the property at an early date.

Excerpts from the report are as follows:

"While gold was found outcropping in a few places on these claims, yet most of the underlying rock in which the veins occur was covered with a thick overburden of sand and clay, in addition to which was the usual added covering of forest mould, so that rock exposures throughout the area were comparatively few and inconspicuous.

"Owing to the presence of this blanket of superficial material, it was at once realized that a large amount of stripping, trenching and test pitting would need to be undertaken, and in the autumn of 1931 several men were engaged to assist the two Kenty brothers in doing this work.

"From that time onward until a few weeks ago, the stripping and trenching work, both across and along the veins, was prosecuted energetically, and as a result many veins were discovered and sections of these stripped, which, if added together, would total more than a mile in length. Few, if any, of the veins have been followed to their ends, but they have been traced until they ran either into low wet ground or until they were covered with more than ten feet of sand or clay, when the trenching work was discontinued. Gold was seen in these veins in many places, and as a result of the evidence derived from the presence of visible gold and of the assays made from portions of the veins where gold was not conspicuous, it was decided to discontinue the surface stripping for the present and to sink two shafts and thus to explore the veins in depth."

International Pete. Colombian Output Off

Average daily production in October of crude from the colombian wells of International Petroleum Ltd., fell sharply below the average of previous months. Production averaged about 28,126 bbls. daily compared with 45,794 bbls. daily in September. Peruvian production was somewhat lower at 18,079 bbls. daily as compared with 18,749 bbls. in September.

Shipments from both countries in the first nine months of the current year were slightly higher than in the corresponding period of 1931, although September production was slightly under that of September, 1931. Comparative production figures for September and for the nine months ended September 30 in both 1932 and 1931 are as follows:

	1932	1931
September		
Peru:		
No. of wells completed	nil	4
Av. initial prod., bbls..	nil	§
Total crude prod., bbls.	562,485	587,177
Colombia:		
No. of wells completed	7	2
Av. initial prod., bbls.	315	†670
Total crude prod., bbls.	1,373,811	1,414,958
9 Mos. end. Sept. 30:		
Peru:		
No. of wells completed	3	38
Av. initial prod., bbls.	49	261
Total crude prod., bbls.	5,753,283	5,730,595
Colombia:		
No. of wells completed	12	36
Av. initial prod., bbls.	427	655
Total crude prod., bbls.	13,875,064	13,798,067

§Not tested. †Only one tested.

Vipond's Future In Investments Says President

At a meeting of shareholders of Vipond Consolidated Mines held in Toronto November 21, R. Home Smith, president of the company, stated he had more faith in the future of the company as a mining investment organization than as a mining company and that profitable mining operations will depend entirely on the discovery of new ore bodies.

During the last two years there has been an unsuccessful attempt to extend the life of the property by developing new ore bodies at depth. While there is still some chance left, the management is reluctant to embark on any extensive development programme.

Shareholders were told that the No. 9 vein toward the Hollinger was of relatively short ore occurrence on the 1,450-ft. horizon. This ore was followed up to the 1,200 ft. level and, while fairly extensive, did not compare with the ore found on the main section. The ore encountered on the Porcupine Crown section of the property was said to be under $5 per ton.

The investments of the company are in stocks of three or four of the dividend-paying gold mines. There has been considerable appreciation in value since the end of the fiscal year, André Dorfman managing director, told shareholders. With a substantial sum in cash, hope is lent that eventually the company will get a new mining property worthy of development.

No diamond drilling has been done below the 1,450 ft. level due to the erratic nature of the ore occurrence. If deeper work were to be undertaken, shareholders were told, it would be necessary to spend $1,000,000 for new mining equipment development — possibly new shafts.

The existing board of directors were re-elected for the ensuing year.

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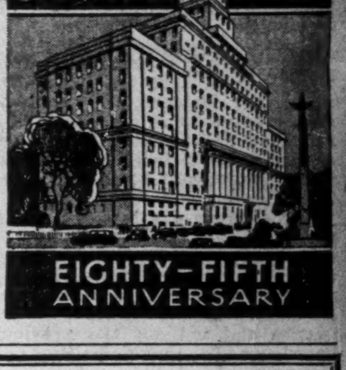

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